

OCT 9 1939

Credit

AND FINANCIAL MANAGEMENT

TO SEE
FIRE ALARM

OCTOBER
1939

Fire Prevention is Credit Protection

Dollar Value of Fire Prevention—With Price Fire—Need of Record Protection

211149

Full Information Available from this Financial Statement Form

(No. 6.—Plain and No. 6-E—Envelope Style)

Designed After Suggestions by Leading Credit Executives.

STATEMENT OF FINANCIAL CONDITION OF _____ Form 6E

At Close of Month on _____ 19__

Kind of Business _____ Address _____

TO _____ (Name of firm using for statement)

(THIS FORM APPROVED AND PUBLISHED BY THE NATIONAL ASSOCIATION OF CREDIT MEN)

For the purpose of obtaining merchandise from you on credit, or for the extension of credit, we make the following statement in writing, intending that you should rely thereon respecting our exact financial condition.

(PLEASE ANSWER ALL QUESTIONS. WHEN NO FIGURES ARE INSERTED, WRITE WORD "NONE")

ASSETS		LIABILITIES	
Dollars	Cents	Dollars	Cents
Cash (in hand)		Accounts Payable for Merchandise	
(In Bank)		Notes and Acceptances Payable for Merchandise	
Accounts Receivable (Not Due)		Notes to _____ Bank	
(30 to 90 Days Past Due)		When Due _____ (Secured) (Unsecured)	
(Over 90 Days Past Due)		Taxes, Interest, Bonds, Payrolls (Arrears)	
Notes and Acceptances (Not Sold or Discounted)		Notes Payable to Stockholders, Partners or Others	
Merchandise (Not on Consignment or Conditional Contract)		Other Current Liabilities	
(Valued at "Cost" or "Market") (Whichever is Lower)		TOTAL CURRENT LIABILITIES	
Other Current Assets (Describe)		Mortgage on Land or Building	
TOTAL CURRENT ASSETS		Chattel Mortgage on Merchandise or Equipment	
Land and Buildings (Present Depreciated Value)		Other Liabilities not Current	
Machinery, Furniture and Equipment (Present Depreciated Value)		TOTAL LIABILITIES	
Due from Officers, Partners or Others not Customers		Net Worth { Capital _____	
Other Assets (Describe)		{ Surplus _____	
TOTAL ASSETS		TOTAL (NET WORTH AND LIABILITIES)	

STATEMENT OF PROFIT AND LOSS FOR PERIOD FROM _____ TO _____

Sales for Period, cash _____	Salaries—owner _____
credit _____	employees _____
TOTAL SALES _____	Rest, Heat, Light, Insurance, Taxes _____
Inventory, Start of Period _____	Advertising _____
Purchases for Period _____	Delivery _____
Total _____	Depreciation (Furniture, Trucks) _____
Less Inventory, end of period _____	Miscellaneous (other operation expense) _____
COST OF GOODS SOLD _____	TOTAL OPERATION EXPENSE _____
GROSS PROFIT _____	If incorporated, amount of dividends paid _____
Less Expense of Operation _____	
NET PROFIT FOR PERIOD _____	

BUY FROM THE FOLLOWING FIRMS:

NAMES	ADDRESSES	AMOUNT OWING

The foregoing statement and the information given on the reverse side of this statement has been carefully read by the undersigned (both the printed and written matter), and is, to my knowledge, in all respects complete, accurate and truthful. It discloses to you the true state of my (our) financial condition on the _____ day of _____ 19__.

Since that time there has been no material unfavorable change in my (our) financial condition, and if any such change takes place I (we) will give you notice. Until such notice is given, you are to regard this as a continuing statement.

Name of Individual or Firm _____

If Partnership, Name Partners _____

" Corporation, " Officers _____

How long established _____ Previous business experience _____

Where _____

Date of Signing Statement _____ Street _____ City _____ State _____

Witness _____ Signed by _____

Residence Address _____ Title _____

at Witness _____ (OVER)

Title to real estate is in name of _____

If business premises are leased to you, state length of lease and annual rental _____

Name and address of your bank _____

What amount of merchandise do you hold on consignment or conditional sale? \$ _____ What amount of machinery or equipment is under lease contract, state monthly payments \$ _____ What amount of machinery or equipment is held under conditional sale? \$ _____ Balance due \$ _____ at \$ _____ per month.

What books of account do you keep? _____ By whom? _____

When were your books last audited? _____

Insurance Protection { On merchandise (fire) \$ _____ On buildings (fire) \$ _____

{ On machinery, furniture and equipment (fire) \$ _____ For employees' liability \$ _____

{ Amount of life insurance for benefit of business \$ _____ Do you carry fidelity bonds? _____

{ Burglary insurance \$ _____ Casualty (Trucks, autos) _____

{ Is any insurance suspended? \$ _____ If so, to whom? _____

This new form provides a complete statement of Resources and Liabilities upon which to base a credit appraisal.

Condensed Profit and Loss statement shows progress made by customer, giving valuable information as to Capacity (an important unit of the Three "C's").

Made in Plain or Envelope style.

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(Form 6E)

PRICES (POSTPAID)

Plain	Quantity	With Your Name and Address
\$5.50	250	\$9.50
8.50	500	13.75
15.00	1000	23.50
20.50	1500	32.00
27.30	2000	42.60
33.15	2500	51.75
38.70	3000	60.40

No smaller order than 250 accepted when name and address are desired

Forms Department

NATIONAL
ASSOCIATION OF
CREDIT MEN

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NEW YORK CITY

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* * *

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VINCENT CULLEN, President

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THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD.

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Contents for October, 1939

Creditor Recoveries (Editorial).....	Henry H. Heimann.....	4
Preventing Fires Before they Start.....	J. R. Eldridge.....	6
Retail Credit in 1938.....	Malcolm M. Merriam.....	9
What Does a Fire Cost?.....	Oscar Iber.....	13
Credit on the Santa Fe Trail.....	Errett Van Cleave.....	16
Better Business Letters.....	Bert Powell.....	18
After-a-Fire Value of Records.....	Westley M. Ingersoll.....	20
Pioneer Points Credit Progress.....	Norman H. Steward.....	22
1939 Social Security Act Amendments.....	Arthur J. Altmeyer.....	24
News About Credit Matters.....		33
Members' Bulletin.....		37
10 Credit Rules.....	Thomas W. Peck.....	41
Where Will Latin America Buy?.....	Kenneth H. Campbell.....	46
Pitfalls in Guaranteed Accounts.....	Leslie Childs.....	48
Bankruptcy Developments in 76th Congress, 1st Session.....	C. F. Baldwin.....	50
The Business Thermometer.....		53

*Manufacturers' Sales, Collections and Accounts Receivable
Wholesalers' Sales, Collections, Accounts Receivable and Inventories*

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Creditor Recoveries

Q Financial reverses recently caused a far-West retailer to discontinue business. The next morning a man arrived with a padlock which he applied to the closed doors, thereby symbolically taking possession.

"City tax claim," said the official.

Less than an hour had passed before another man arrived with a padlock which he too applied to the door of the establishment.

"County tax claim," said the official.

Shortly after noon an expensive automobile, with a special seal clamped to its grille, pulled up to the curb. The man who got out of the car stepped up to the doors and stopped for a second when he saw the two padlocks. But a moment later he began applying one he had brought with him.

"State tax claim," said the official.

The long shadows caused by the setting sun were creeping across the street when a taxicab arrived. The man who emerged carried a padlock in his hand. He looked at the three already on the doors and was unable to prevent a smile. Then he too applied a padlock.

"Federal tax claim," said the official.

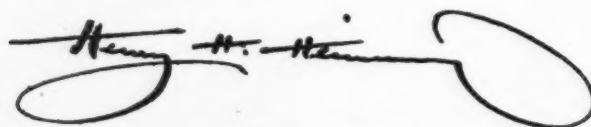
All told, when the estate was examined, 23 tax claims were marshalled as preferences. Some of the creditors shook their heads disconcertedly. They knew from experience that these tax preferences would take a big slice out of any potential return from the distressed business. And their fears were entirely justified because the creditors in this particular case realized little from the liquidation after the four governmental authorities received payment for their tax claims.

Is there complete justification for giving tax claims preference in such cases?

Is it not true that creditors should have equal rights in their claims against a distressed estate?

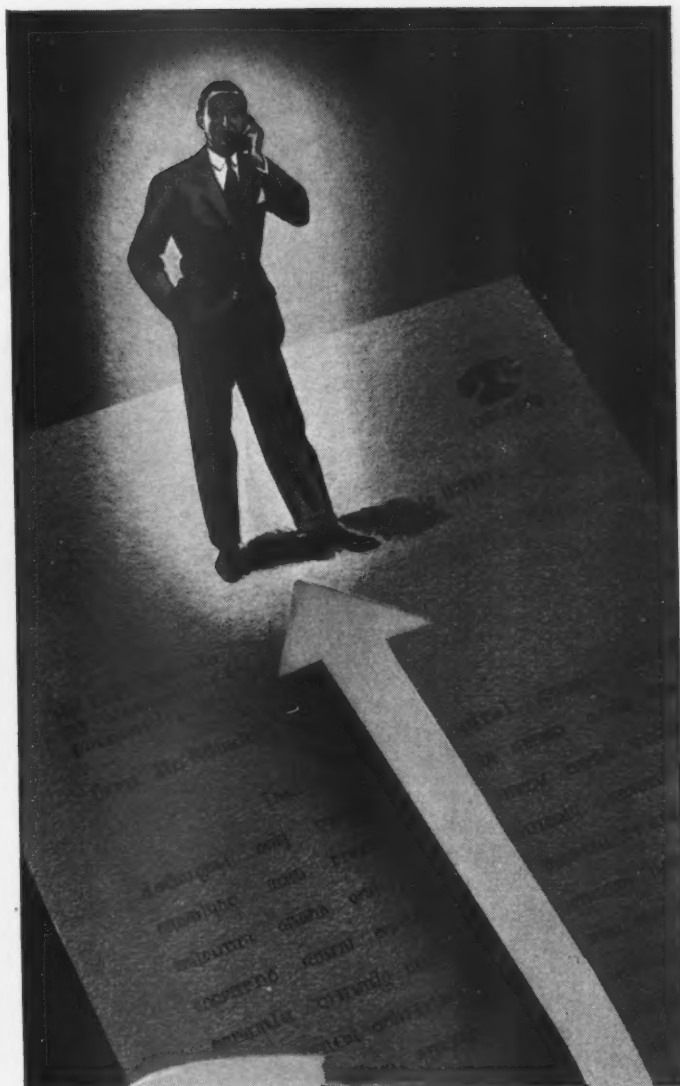
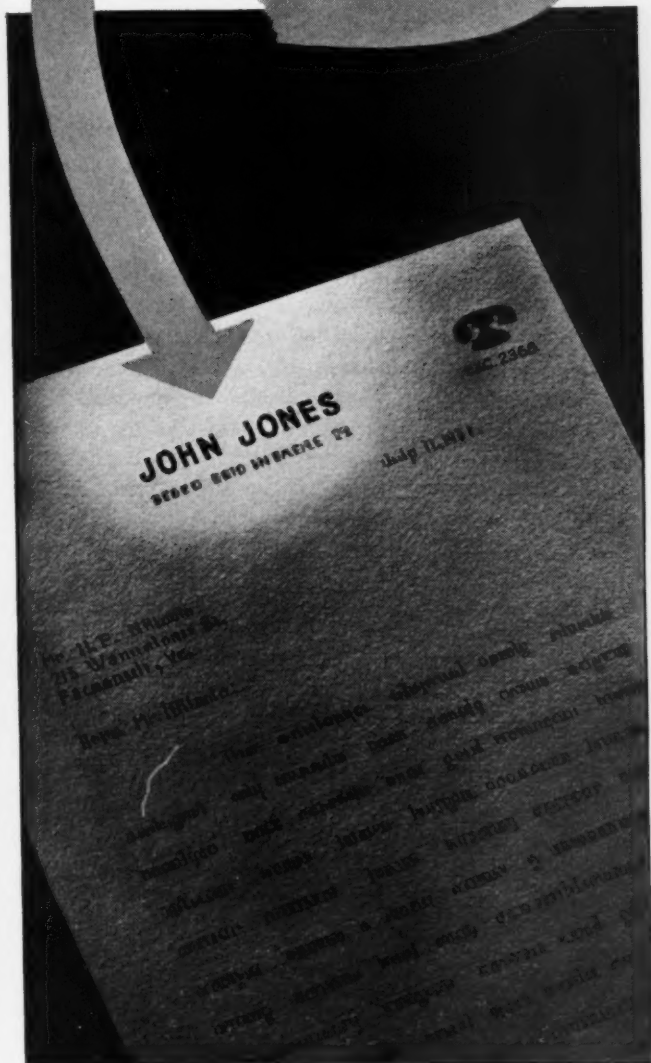
To many creditors it appears that the time has come when this matter of tax preferences must be reconsidered. Creditors have too long been unfavorably dealt with. True it is that the tax claims represent a variety of services and privileges provided by the various governmental units. But the creditors are not making a unilateral claim. They, after all, provided valuable goods and services, and for these they should have an equal chance of recovery with all other interested groups.

Business and government are equal partners in obtaining returns from a successful enterprise. They should remain so in case of its failure.



Executive Manager, N.A.C.M.

a name



BECOMES
a person

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Preventing Fires Before they Start

How Endicott-Johnson Corporation Protects its Big Plant

By J. R. Eldridge, Chief of Fire Prevention Department, Endicott-Johnson Corp.
Johnson City, New York

Careful credit managers check their clients' fire insurance coverage when appraising their credit, but they also should be interested in fire prevention and protection programs. For a number of years I understand, the credit men's National Association has featured the slogan—"Fire Prevention is Credit Protection."

Inadequate fire protection certainly increases the credit risk, for serious fire is bound to cause the owner of the property irretrievable losses no matter how much fire insurance he carries. Hence, among the questions a credit manager should ask when checking a large line of credit are: "What steps are you taking to prevent fire?" and "What facilities have you for extinguishing fires should they break out?"

In order to give the credit manager some specific information on this subject, it may be helpful to answer these questions with respect to the Endicott-Johnson plants. Of course, the details apply only to a large property, but the principles involved are applicable to every industrial company, big or little. Even the smallest factory can have an effective fire protection and prevention system.

The Fire Prevention Department

Responsibility for protecting this plant from fire rests on the Fire Prevention Department, which consists of a chief, two assistant chiefs, four captains, four lieutenants,

90 firemen, who also serve as inspectors and watchmen, and other assistants, all on a full time basis.

Smaller companies, naturally, do not need so large an organization. In moderate-sized plants it is common to find only the chief on full time, and in small plants, an engineer, or a superintendent may act as chief. In any case, some competent person should be responsible for the protection of the plant and he should have a sufficient number of trained assistants to handle the work effectively.

The duties of the Fire Prevention Department may be summed up as follows:

1. Do everything possible to prevent fires.
2. Expect fires.
3. Be always ready to extinguish fires so quickly that they will cause minimum fire and water losses.

Fire Prevention

The object of fire prevention is not only to prevent fires but, also, to eliminate conditions favoring a quick spread of the flames if a fire does break out.

Fire prevention work at the Endicott-Johnson plants starts with the maintenance of a high standard of house-keeping. Rubbish and waste are promptly removed and safely disposed of. Cleanliness is insisted upon everywhere. Smoking is strictly controlled and rigorously suppressed in areas where it is forbidden.

Heating systems, electrical apparatus, bearings, stoves and burners, and all other equipment that may develop hazardous conditions are carefully and regularly inspected, and any defects discovered are immediately corrected.

Every fire hazard in the place is carefully studied, and when its elimination is impossible, rules are drawn up for its protection.

The potential hazards of new processes and new materials are carefully investigated as soon as they are introduced or, in some cases, proposed.

Safe methods for storing and handling inflammable materials, such as solvents and pyroxylin plastics, are developed.



"Be always ready to extinguish fires so quickly they will cause minimum fire and water loss."

Special protection is supplied for raw material storages. The workers, of course, play an important part in the fire prevention program since ignorance or carelessness on their part may start a fire at any time. At Endicott-Johnson, the workers are instructed in weekly group meetings held under the direction of the chief officers of the Fire Prevention Department. At these meetings, the men are examined as to their knowledge of established fire prevention regulations and are instructed in new methods and in the safeguarding of new risks.

Finally, departmental inspectors, who are on duty during working hours, report daily on all matters pertaining to fire prevention to Fire Protection headquarters, and at night, a corps of inspectors covers the plants, reporting hourly to headquarters by means of the fire alarm system.

A fire prevention system such as this, modified, of course, to suit local conditions, should be found in every well managed plant.

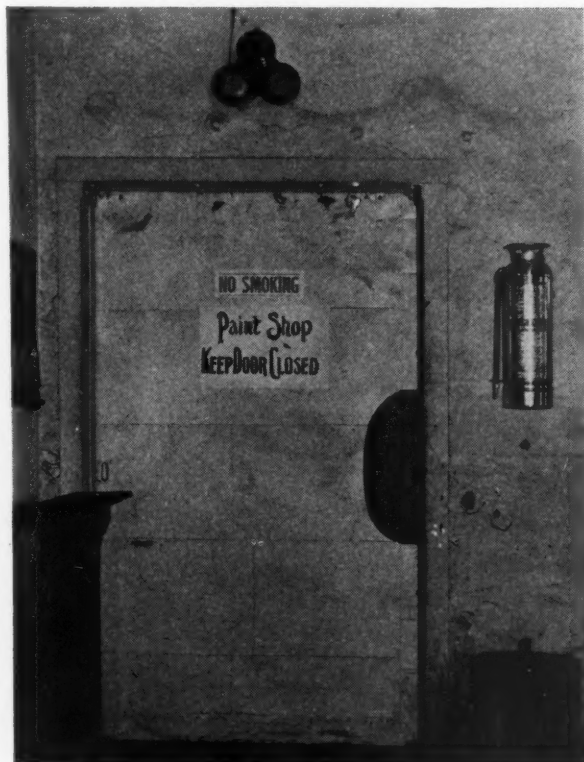
Fire Protection

An efficient fire prevention system will prevent many fires but it should not be relied upon to prevent all of them. At the Endicott-Johnson plants, in spite of the best of care, scores of fires break out every year. Hence, an effective fire protection system is even more important than a fire prevention system and should also be the object of inquiry during a credit investigation.

In the Endicott-Johnson system of fire protection, there are two lines of defense against fire—a first line consisting of the regular workers armed with hand fire extinguishers and the main line consisting of the firemen of the Fire Prevention Department.

Whenever a fire breaks out in the plant, certain workers, who are designated for this duty, attack it with

Methods must be provided for storing and using inflammable materials. The law against smoking must be strictly enforced in these parts of the plants



A main fire hazard: Waste materials subject to spontaneous combustion

extinguishers while others turn in an alarm. The firemen hasten to the scene, but, as the plan contemplates, in most cases they find the fire out when they arrive.

This plan of enlisting workers as fire fighters is being widely adopted by manufacturers and is of value because almost all fires start as small ones that can be readily extinguished by properly trained and equipped men on the spot, whereas, when a fire is allowed to gain even a few minutes headway, it may have to be subdued with sprinklers and hose streams, in which case the total damage caused may be very large.

Applicable in Small Plants

The plan is applicable to both large and small plants and is desirable everywhere because it helps to keep losses due to both fire and water at a minimum. To organize, the following steps have to be taken:

1. Install in the plant, where they will be readily accessible to the workers, a sufficient number of the right type of approved fire extinguishers to safeguard every fire hazard in the plant, under working-hour conditions.
2. Train all male workers in the proper use of the extinguishers by means of regular extinguisher drills so that everyone will know what to do when fire breaks out.

At Endicott-Johnson, the workers are trained for fire fighting at frequently held fire drills when each person is rehearsed in the part he or she has to play in event of fire and instruction is given in the use and operation of the various types of fire extinguishers.

Several thousand fire extinguishers are located in accessible and conspicuously marked places throughout the plant so that the workers can arm themselves quickly in an emergency. These extinguishers are of several dif-

ferent types, depending upon the hazard to be protected. Chemical solution (soda-acid) extinguishers are used on fires in wood, leather, paper, textiles, and other ordinary combustible materials; vaporizing-liquid extinguishers, of the pump type, are used for electrical fires; and foam and vaporizing-liquid extinguishers are suitable for fires in flammable liquids.

Automatic sprinklers act as the first line of defense in unoccupied buildings and times when the plants are closed, and, of course, are ready to supplement the work of the fire fighters when needed.

The Fire Department

If for any reason the workers fail to extinguish a fire by the time the firemen arrive, these men take charge of the situation and attack the blaze with extinguishers, hose, or any other means that may be required. Actually, hose streams are rarely needed on fires occurring within the factory buildings and are employed mostly on dump and other outside fires. For fighting serious fires, the department has two motorized fire trucks carrying 2½ inch and 1¼ inch fire hose.

In any case, a careful examination is made by the firemen after each fire, no matter how trivial, in order to ascertain its cause and determine what must be done to prevent a similar accident from happening again.

Most plants, especially those located at some distance from the nearest municipal fire department station, should have their own fire brigades. In large plants, the brigade may be made up of professional firemen assisted by a group of specially selected workers, but in small plants, it usually consists of workers only. These men should be well organized and carefully trained, and generally receive special privileges in recognition of their services.

Watchmen should always receive special training in fire fighting since many fires break out after plants are closed and the watchmen are often called upon to fight them single-handed.

Constructional Details

The Endicott-Johnson buildings are chiefly of heavy-timber frame type, or of fire-resisting construction, with adjoining structures and sections of large areas properly cut off by standard fire doors and shutters.

Water for fire fighting purposes is supplied by seven reservoirs having a total capacity of 13,000,000 gallons and distributed by means of hydrants located at strategic points in various places around the plant. There are also seven fire pumps, with a total rated capacity of 100,000 gallons per minute, which are always ready to go into action.

The main fire hazards are those common to many industries and include:

1. The presence of large quantities of combustible materials.
2. Combustible dusts.
3. Waste materials subject to spontaneous combustions.
4. Flammable liquids.
5. Sources of heat and sparks, such as the heating, lighting, and power systems.

Results at Endicott-Johnson Plant

This system of fire prevention and protection has been in operation for many years and has proved itself capable

of safeguarding 34 large factory buildings lying in an area 12 miles long.

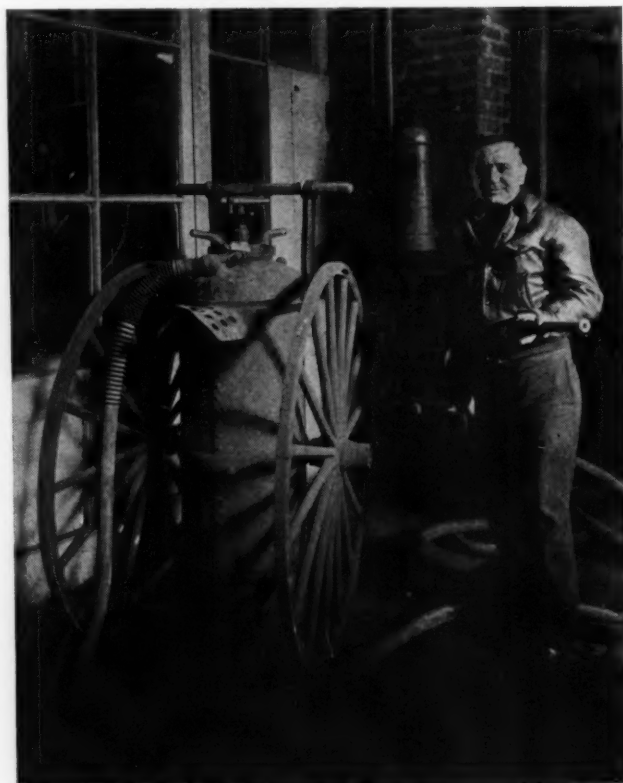
More especially, it has kept annual fire-and-water losses at a very satisfactory figure throughout this entire period. More than 70% of all fires are put out with hand fire extinguishers with trifling losses. The highest recent annual loss was in 1937 and amounted to \$4,815.00, but this was due to a single fire of exceptional character. There were 234 alarms during this year but the losses occasioned by all of the other fires was negligible.

The chief features of this system, which are duplicated in many well protected industrial plants, large and small, can be summarized as follows:

1. Unremitting fire-prevention work, in which all employees take part.
2. A well organized and trained fire brigade, (or a municipal fire department in close proximity).
3. Ample water supplies for fire protection purposes.
4. Automatic sprinkler protection.
5. An efficient fire alarm system.
6. A large percentage of employees trained in the use of fire extinguishers and well supplied with all types of extinguishers needed to safeguard existing hazards.
7. Careful maintenance of all equipment required for fire protection.

The fire prevention plans I have outlined have successfully given fire protection to one of the largest industrial plants in the country. But the general plan used here may well be followed in every manufacturing and wholesaling plant in the country. To prove my point in this regard I need only again refer to the slogan of your National organization that "Fire Prevention Is Credit Protection."

Train all male workers in the proper use of readily accessible fire extinguishers



Retail Credit in 1938

Summary of a Survey by Dept. of Commerce

By Malcolm M. Merriam, Chief, Credit Analysis Unit, Marketing Research Division, Bureau of Foreign and Domestic Commerce.

Recent cooperative studies conducted by the Marketing Research Division, Bureau of Foreign and Domestic Commerce, have made available to the National Association of Credit Men a quantity of valuable data on the credit experience of manufacturers and wholesalers. Since 1930, the Marketing Research Division has also prepared a series of studies which have reviewed credit conditions in the major retail trades. For the latest of these reports, prepared in the Division's Credit Analysis Unit, a total of more than 2,400 credit-granting retailers in 14 trades voluntarily submitted their confidential figures on credit sales, collections, and bad-debt losses for both 1937 and 1938. It is the purpose of this article to present a brief summary of our findings based on the tabulation of these data for the 1938 Retail Credit Survey.¹

As an introductory note for those who are primarily concerned with the credit problems of manufacturers or wholesalers, it should be pointed out that the widespread employment of retail credit for consumers is a comparatively recent development and the subject is by no means removed from the realm of either economic or legal controversy. Unusual problems confront retailers because of the fact that the goods which they sell on credit are either immediately consumed, or depreciate rapidly through use. In other words, the retail credit sale does not involve the principle of self-liquidation which provides the basis for strictly commercial transactions. Although retailers make use of rules of thumb which are the common knowledge of every credit man, wherever situated, they are also devising new methods and procedures for controlling the special problems of consumer credit.

Retail Credit Sales

Previous reports in the Retail Credit Survey series have noted a decline of almost 50 percent in total retail sales from 1929 to 1933. The severe reduction in total retail volume during those years was accompanied by a larger contraction, approaching 60 percent, in the proportion of sales on credit. It has been estimated that 34 percent of the 49 billion dollar total of retail sales in 1929 was on

credit, but the proportion was reduced to about 28 percent when sales declined to 25 billion dollars in 1933. In the subsequent years of recovery, the proportion of total retail sales on credit again approached the 1929 figure, equaling 33.7 percent of total sales in the recent peak year 1937. However, the estimated total volume of retail credit sales in that year was still about 20 percent below 1929.

Table 1. Analysis of All Retail Sales, 1935-38
(Dollar figures in millions)

Sales	1935 ¹	Per- centage change 1935-36	1936 ¹	Per- centage change 1936-37	1937 ¹	Per- centage change 1937-38	1938 ¹
Cash.....	\$22,371	+13.1	\$25,291	+4.7	\$26,475	-8.6	\$24,195
Open Credit.....	7,041	+15.9	8,160	+8.2	8,828	-10.3	7,921
Installment.....	3,599	+24.7	4,489	+3.1	4,627	-28.5	3,309
Total.....	33,011	+14.9	37,940	+5.2	39,930	-11.3	35,425

¹1935 data from Census of Business: 1935, Retail Distribution, Vol. VI. Figures on total sales for 1936, 1937, and 1938 are estimates of the Bureau of Foreign and Domestic Commerce. Proportions on cash and credit for the respective years are estimated from Retail Credit Survey data. Revised cash and credit figures are given for 1936 and 1937.

As shown in Table 1, estimates of the Bureau of Foreign and Domestic Commerce place the total of retail sales at 35,425 million dollars in 1938, representing a reduction of 11.3 percent from the previous year. This sharp reversal of the trend of 4 years of continuous growth reflects an estimated decline from 1937 of 8.6 percent in cash sales, and 16.5 percent in total sales on credit. It is important to note, however, that the part of total credit sales classified as open credit, or charge account, declined only 10.3 percent from 1937, compared with the estimated reduction of 28.5 percent in sales on installment.

According to these figures, all credit sales constituted 31.7 percent of total retail sales in 1938, a 2 percent decline from the previous year. Although reduced in dollar volume, the percentage on open credit revealed a minor increase from 22.1 percent of total retail sales in 1937 to 22.4 percent in 1938. On the other hand, installment sales declined from 4,627 million dollars in 1937 to 3,309 million dollars in 1938, or from 11.6 percent of total sales to 9.3 percent.

It is evident from the 4-year comparison shown in the table that somewhat greater absolute changes in dollar amounts have occurred in cash sales than in credit sales. From 1935 to 1937 cash sales increased about 4 billion dollars, and all credit sales increased approximately 2,800 million dollars. In the decline from 1937 to 1938, cash

¹Firms and individuals desiring to be informed when the 1938 Retail Credit Survey is available for distribution should notify the Marketing Research Division of the Bureau of Foreign and Domestic Commerce, Washington, D.C., or any of 33 district offices of the Bureau located in principal commercial centers of the United States. The report is now in press and the Bureau will inform each applicant immediately upon publication.

sales decreased 2,280 million dollars and credit sales decreased 2,225 million dollars. However, the significant fact is that credit sales exhibit a very high degree of flexibility, with an actual dollar decline in 1938 almost equaling that of cash sales, although the volume of cash sales was more than double the credit volume. Furthermore, the estimates show that sales on deferred payment, or installment, are less than one-third of all retail credit sales, but they revealed a decrease of more than 1,300 million dollars in 1938, contrasted with the reduction of 900 million dollars in open-credit sales.

These relatively large percentage changes in credit sales can be variously interpreted either as secondary reflections of fundamental adjustments in the economy, or as in some measure providing explanations which refer to the manner and the extent to which credit is used in certain trades. Comparisons of changes in cash and credit sales in 14 trades, presented in Tables 2 and 3, provide material for further analysis of one aspect of this problem.

Table 2. Percentage Change, 1938 From 1937, of Cash and Credit Sales of All Stores Reporting, by Kind of Business

Kind of business	Number of stores reporting	Percent ¹ (weighted averages)							
		Cash		Open credit		Installment credit		Total	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Automobile.....	127	....	24.7	....	22.3	....	33.0	....	27.8
Automobile tire and accessory....	174	....	5.6	1.2	....	....	13.1	....	2.2
Coal, fuel oil, and wood.....	163	....	15.3	....	8.3	0.1	....	....	9.9
Department.....	224	....	8.3	....	5.0	....	15.3	....	7.6
Furniture.....	197	....	15.3	....	20.3	....	15.1	....	16.1
Grocery, total.....	269	....	4.8	....	4.5	....	....	....	4.6
With fresh meats.....	227	....	3.2	....	4.6	....	....	....	4.0
Without fresh meats.....	42	....	12.7	....	3.8	....	....	....	7.4
Hardware.....	143	....	7.6	....	13.5	....	32.5	....	12.4
Heating and plumbing.....	78	....	7.3	....	19.2	....	12.9	....	17.6
Household appliance.....	73	....	19.4	....	38.1	....	39.6	....	37.7
Jewelry.....	143	....	11.1	....	17.2	....	15.6	....	15.0
Lumber and building material.....	338	....	8.1	....	13.8	....	17.6	....	13.3
Men's clothing.....	168	....	15.1	....	6.3	....	15.6	....	10.4
Shoe.....	117	....	8.6	....	5.0	....	....	....	7.3
Women's specialty.....	142	....	7.4	....	7.9	....	8.1	....	7.7

¹Percentages based on net sales.

Table 2 indicates that the largest decreases in total sales during 1938, based on the Retail Credit Survey sample, occurred in trades which depend upon the sale of durable goods. Total volume of reporting automobile dealers in 1938 declined almost 28 percent from 1937, and the sales of household appliance stores, which include reports on the retail appliance business of several public utilities, revealed a reduction of about 38 percent from 1937 to 1938. A substantial decrease of 16.1 percent was also recorded in the sales of furniture stores last year. The 1938 total sales of three trades closely allied with the building industry (hardware, heating and plumbing, and lumber and building material) showed decreases ranging from 12.4 percent to 17.6 percent.

With the exception of a 15 percent reduction in the total sales of reporting jewelry stores, sales in the remaining trades which handle clothing, groceries, fuel, auto supplies, and miscellaneous merchandise revealed decreases from 1937 to 1938 which were less than the estimated decline of 11.3 percent for all retail sales (Table 1).

Decreases in retail cash volume exceeded the declines of either type of credit sale in only three trades: Grocery; shoe; and coal, fuel oil, and wood. As shown in Table 3, installment sales were not found in the shoe and grocery store reports, and represented only a negligible proportion of the sales of fuel dealers. Comparing the 12 retail trades which sell on installment, reporting furniture stores, household appliance dealers, jewelry stores, and automobile dealers averaged proportions of total sales on that basis ranging in 1938 from 73.3 percent to 40.2 percent, in the order named.

In Table 2, it is noted that retail sales on open credit in 1938 decreased more than installment sales in the furniture and jewelry trades, but the percentage decrease of installment sales reported by automobile and household appliance dealers exceeded the declines from 1937 to 1938 of total sales in those trades. The importance of automobile installment sales is indicated by the fact that they probably represented about 60 percent of the estimated grand total of 3,309 million dollars of retail installment sales in 1938, and a slightly larger percentage of the total for 1937.

Table 3. Proportions of Cash and Credit Sales of All Stores Reporting, by Kind of Business, 1938 and 1937

Kind of business	Cash				Open credit				Installment credit			
	Number of stores reporting		Percent of total sales (weighted averages)		Number of stores reporting		Percent of total sales (weighted averages)		Number of stores reporting		Percent of total sales (weighted averages)	
	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937
Automobile.....	127	37.8	36.2	123	22.0	20.4	127	40.2	43.4			
Automobile tire and accessory.....	174	18.5	19.2	172	68.7	66.4	118	12.8	14.4			
Coal, fuel oil, and wood.....	163	22.8	24.3	163	75.8	74.5	16	1.4	1.2			
Department.....	224	46.7	47.1	215	44.4	43.2	183	8.9	9.7			
Furniture.....	197	8.1	8.0	72	18.6	19.6	176	73.3	72.4			
Grocery, total.....	269	45.2	45.2	269	54.8	54.8	..	..	..
With fresh meats.....	227	46.7	46.4	227	53.3	53.6	..	..	..
Without fresh meats.....	42	38.1	40.4	42	61.9	59.6	..	..	..
Hardware.....	143	37.2	35.3	143	58.7	59.5	22	4.1	5.2			
Heating and plumbing.....	78	13.6	12.1	78	83.2	84.9	10	3.2	3.0			
Household appliance.....	73	10.6	8.2	54	20.9	21.1	65	68.5	70.7			
Jewelry.....	143	25.7	24.5	78	33.7	34.6	76	40.6	40.9			
Lumber and building material.....	338	9.6	9.1	337	89.6	90.1	19	.8	.8			
Men's clothing.....	168	36.8	38.9	155	56.4	53.9	22	6.8	7.2			
Shoe.....	117	62.5	63.4	117	37.5	36.6	..	..	..
Women's specialty.....	142	31.6	31.4	138	66.6	66.8	15	1.8	1.8			

The data in Table 3 also reveal that the proportion of installment sales in the furniture trade increased about 1 percent from 1937 to 1938, but in the other major trades the proportions of installment sales declined. Proportions of total sales on open credit increased during 1938 in 7 of the 14 trades, but the percentage of cash increased in 9 trades, resulting from the fact that in some cases the increased proportions of total sales on open credit were offset by declines in the proportions on installment.

Retail Collections (Open Credit)

A comparison of the average monthly open-account collection percentages of reporting stores in 14 retail trades is presented in Table 4. These ratios for 1938 and 1937 are computed by dividing total annual collections reported from the various trades by the sum of balances of accounts receivable outstanding as of the first of each of

the 12 months. Consequently, the ratios represent experience for the average month of each year, balancing the extremes of good or poor collections. The ratios arranged in descending order from highest to lowest are shown in Chart 2.

Table 4. Average Monthly Collection Percentages on Open-Credit Receivables and Average Length of Time Accounts Were Outstanding, for All Stores Reporting, by Kind of Business, 1938 and 1937

Kind of business	Number of stores reporting	Percent (weighted averages)		Average number of days accounts were outstanding		
		1938	1937	1938	1937	Net change 1938
Automobile.....	101	81.7	83.3	36.7	36.0	+ 0.7
Automobile tire and accessory.....	80	56.1	59.4	53.4	50.5	+ 2.9
Coal, fuel oil, and wood.....	152	54.6	55.8	54.9	53.7	+ 1.2
Department.....	208	46.5	47.5	64.5	63.1	+ 1.4
Furniture.....	43	44.9	48.9	66.8	61.3	+ 5.5
Grocery, total.....	190	71.1	74.0	42.1	40.5	+ 1.6
With fresh meats.....	157	73.8	75.2	40.6	39.8	+ .8
Without fresh meats.....	33	63.0	63.6	47.6	47.1	+ .5
Hardware.....	117	50.2	52.9	59.7	56.7	+ 3.0
Heating and plumbing.....	70	58.3	55.7	51.4	53.8	- 2.4
Household appliance.....	26	59.1	58.8	50.7	51.0	- .3
Jewelry.....	59	49.2	51.4	60.9	58.3	+ 2.6
Lumber and building material.....	320	47.4	49.5	63.2	60.6	+ 2.6
Men's clothing.....	151	39.5	41.9	75.9	71.5	+ 4.4
Shoe.....	110	47.2	48.9	63.5	61.3	+ 2.2
Women's specialty.....	124	41.5	44.4	72.2	67.5	+ 4.7
Total ¹	1,752	47.3	48.8	63.4	61.4	+ 2.0

¹Unadjusted totals. Excluding department stores, which overweight the Retail Credit Survey sample, all other trades averaged collections of 50.8 percent in 1937 and 48.5 percent in 1938.

The average monthly open-credit, or charge-account, collection ratios for all trades are also translated into the average number of days for which accounts were outstanding during both years. At the extremes, the average charge account of automobile dealers was collected in less than 37 days in 1938, but men's clothing and women's specialty stores required more than 70 days to collect the same type of account. In all trades except heating and plumbing and household appliance, the rate of collections revealed a moderate decrease during 1938. In other words, the average charge account in 12 of the trades required from less than 1 day to more than 5 days longer to liquidate in 1938, compared with 1937.

Although total retail sales on open credit declined more than 10 percent in 1938, considering the fact that collections were slower, it may be roughly estimated that the average amount of open credit outstanding on all retail accounts decreased less than 7 percent, or from approximately 1,500 million dollars in 1937 to perhaps 1,400 million dollars in 1938.

Installment Credit

Average monthly collection ratios for installment accounts in 12 retail trades are shown in Table 5. It will be observed that there are extreme variations in the rates at which installment collections are made in the various types of retail establishment. The explanation for this will be found in the widely different terms arrangements used for products sold on installment plans. For example, men's clothing stores sell on the shortest deferred terms and turn over their installment receivables in approximately 100 days, but household appliance stores sell on very long terms and more than 1 year is required for a complete turnover. Because of the wide range of terms found in different trades, the aggregate totals shown in

the table are of questionable value as an indication of average experience, and they are also weighted by a disproportionately large volume of department store balances and collections in the Retail Credit Survey sample.

Table 5. Average Monthly Collection Percentages on Installment Receivables and Average Rate of Turn-Over, for All Stores Reporting, by Kind of Business, 1938 and 1937

Kind of business	Number of stores reporting	Percent (weighted averages)		Average rate of turn-over (number of days)		
		1938	1937	1938	1937	Net change, 1938
Automobile.....	49	11.4	11.1	263.1	270.2	- 7.1
Automobile tire and accessory.....	26	29.0	29.3	103.4	102.3	+ 1.1
Coal, fuel oil, and wood.....	8	16.9	19.0	177.5	157.8	+19.7
Department.....	176	15.8	16.3	189.8	184.0	+ 5.8
Furniture.....	156	10.0	10.7	300.0	280.3	+19.7
Grocery, total.....						
With fresh meats.....						
Without fresh meats.....						
Hardware.....	10	11.8	14.1	254.2	212.7	+41.5
Heating and plumbing.....	1					
Household appliance.....	50	7.8	7.3	384.6	410.9	-26.3
Jewelry.....	63	12.8	14.3	234.3	209.7	+24.6
Lumber and building material.....	8	11.2	15.0	267.8	200.0	+67.8
Men's clothing.....	22	30.2	32.5	99.3	92.3	+ 7.0
Shoe.....	13	24.1	23.9	124.4	125.5	- 1.1
Women's specialty.....						
Total ¹	582	12.8	13.2	234.3	227.2	+ 7.1

¹For interpretation of aggregate totals, see accompanying text.

The average rate of turnover (number of days) for the various trades refers only to the time required to turn over the entire mass of receivables, and does not directly indicate the length of individual retail installment contracts. In other words, the duration of the average installment contract of automobile dealers was found to be about 16½ months in 1938, but Table 5 shows that the receivables of all reporting dealers were turned over on an average of 263 days, based on the collection ratio for that year. With the length of individual contracts averaging more than 2 years, household appliance stores reported a turnover of all receivables in less than 13 months.

The installment collection ratios declined during 1938 in all trades except automobile and household appliance. The declines in the ratios are reflected as increases in the time required for a turnover of receivables. The apparent gain in the rate of collections on installment accounts of household appliance stores was caused by a liquidation of receivables resulting from a greatly reduced volume of sales in 1938. The monthly dollar volume of household appliance store collections, representing regular payments in many cases on accounts contracted prior to 1938, did not decline with the same severity.

Considering the sharp decline of automobile installment sales in 1938, the same situation noted for household appliance stores might also be expected in the collection ratios for that trade. However, it is probable that the reporting automobile dealers transferred a much smaller amount of paper to their sales finance companies, retaining about the same amount on their own books during 1938. Consequently, there was not the extreme distortion in the mathematical relationship between balances of accounts receivable and collections.

An estimate for 1937 places the average amount of retail installment accounts outstanding during that year at roughly 3,100 million dollars, representing an increase from 2,610 million dollars as the estimated monthly

average for 1936. In other words, although installment sales increased only about 3 percent from 1936 to 1937, the peculiarities of deferred payment selling resulted in a much more substantial accumulation of outstanding balances. It has been noted that installment sales declined about 29 percent in 1938. However, many installment balances contracted in 1937 remained on the books in 1938, although they were being reduced by regular monthly payments.

Considering these facts, it is possible that the average amount of retail installment paper outstanding in 1938 declined about 20 percent from 1937, or from 3,100 million dollars to approximately 2,480 million dollars. As these figures represent monthly averages, it is evident that the absolute decline from the highest point in 1937 to the lowest point at the close of 1938 would be a substantial amount, certainly exceeding 500 million dollars and possibly approaching 1 billion dollars. The liquidation of automobile installment paper would constitute the largest individual factor in the decrease of all retail installment outstandings.

Bad-Debt Losses of Retailers

Substantial decreases in sales and slower collections, which have been noted in the preceding paragraphs, are usually indications of adverse conditions which may be reflected in higher bad-debt losses. The totals shown in Table 6 indicate that there was no change from 1937 to 1938 in the average open-credit bad-debt loss of all stores reporting in the 1938 Survey, but installment losses showed a substantial increase. However, these totals reflect the experience only of the Retail Credit Survey sample, which is heavily weighted with department store reports and excludes a certain proportion of total retail credit business. Taking both of these factors into consideration by properly weighting each of the 14 trades, and estimating roughly for other trades not covered, adjusted estimates have been prepared which show that the dollar volume of all retail open-credit losses actually declined from 33.5 million dollars in 1937 to 27.8 million dollars in 1938. As retail open-credit sales also decreased 10.3 percent in the same period (Table 1), the open-credit loss ratio declined from thirty-seven one-hundredths of 1 percent of these sales in 1937 to thirty-five one-hundredths of 1 percent in 1938.

Similar estimates show a gain in the volume of all retail installment losses from 33.3 million dollars in 1937 to 36.5 million dollars in 1938. Installment losses for 1938 undoubtedly include the charge-off of many sales made in 1937. Consequently, with a 28.5 percent decline in installment sales during 1938, the loss ratio of 1.10 percent of such sales for that year is somewhat inflated in comparison with the ratio of seventy-two one-hundredths of 1 percent for 1937.

It should be noted that installment sales represent only about one-third of the combined retail credit sales for 1937 and 1938, but these time-payment sales accounted for more than 50 percent of the estimated total of 131 million dollars for all retail credit bad-debt losses in the same 2-year period.

The slight decrease in the adjusted open-account loss ratio for 1938 reflects increased average losses in nine of the Retail Credit Survey trades and lower losses in the remaining five trades. With the exception of a substantial increase in the loss ratio averaged by a very small

sample of household appliance stores, higher losses were reported only from those trades in which the merchandise commands a relatively constant demand; in other words, men's and women's clothing and shoe stores, department stores, grocery stores, fuel dealers, and automobile tire and accessory stores. However, losses reported from the apparel trades revealed negligible increases, and the largest

Table 6. Percentage of Loss From Bad Debts on Open-Credit and Installment Sales of All Stores Reporting, by Kind of Business, 1938 and 1937

Kind of business	Percent bad debts to credit sales (weighted averages)					
	Open credit			Installment credit		
	Number of stores reporting	1938	1937	Number of stores reporting	1938	1937
Automobile.....	113	0.61	0.62	63	0.42	0.23
Automobile tire and accessory.....	162	1.15	1.06	26	4.39	3.58
Coal, fuel oil, and wood.....	141	.49	.41	8	.65	.37
Department.....	179	.27	.24	139	1.13	.81
Furniture.....	38	.12	.22	161	1.46	1.38
Grocery, total.....	229	.41	.38	..	..	..
With fresh meats.....	192	.43	.39	..	..	..
Without fresh meats.....	37	.32	.32	..	..	..
Hardware.....	117	.70	.91	11	1.36	.92
Heating and plumbing.....	71	.45	.53	3	.00	.04
Household appliance.....	23	1.40	.91	39	2.56	2.08
Jewelry.....	60	.43	.46	64	4.17	3.51
Lumber and building material.....	311	.70	.84	6	2.54	1.15
Men's clothing.....	140	.73	.72	18	2.35	2.17
Shoe.....	106	.33	.32	..	..	..
Women's specialty.....	119	.30	.29	8	2.15	1.90
Total ¹	1,809	.39	.39	536	1.45	1.14

¹Unadjusted totals. For weighted figures including all retail credit, see accompanying text.

increase, from 1.06 percent of open-credit sales in 1937 to 1.15 percent in 1938, is shown in the automobile tire and accessory trade.

Eliminating the small group of household appliance stores, open-account losses in the automobile tire and accessory trade were the highest reported. At the other extreme, a small sample of furniture stores averaged a loss in 1938 of only twelve one-hundredths of 1 percent of open-credit sales, representing a decrease from approximately twenty-two one-hundredths of 1 percent in 1937, and the 1938 loss ratio for department stores was twenty-seven one-hundredths of 1 percent of their sales on charge accounts.

Bad-debt losses on installment accounts increased during 1938 in all of the trades, ranging from a low in that year of forty-two one-hundredths of 1 percent of installment sales of automobile dealers, exclusive of dealers selling their paper to finance companies on a non-recourse basis, to a high of 4.39 percent of installment sales reported by automobile tire and accessory stores. Losses in excess of 4 percent of installment sales were also indicated in the jewelry trade, and in excess of 3.5 percent in the household appliance trade.

It is apparent from the fact that jewelry store installment accounts are outstanding for a much shorter time than the accounts of household appliance stores, as shown in Table 5, that the period of payment is not the controlling factor in installment losses. Likewise, automobile tire and accessory stores sell on relatively short terms compared with automobile dealers, furniture stores, or department stores, but their losses are much higher.

What Does a Fire Cost?

How One Firm Found the Tragic Answer

By Oscar Iber, President, Iber Company, Chicago

The average business today is well managed and runs smoothly. There is just one bugaboo, and that is unforeseen accidents. Cyclones, floods, explosions—or fires always occur unexpectedly. To be sure, it is possible to have protection against most of these by insurance, but many business men fail to prepare for such emergencies.

An unforeseen accident is bound to affect production and sales. This inevitably costs money; Accounts Receivable are bound to slow up, with the result that Accounts Payable start clamouring.

In our business, we had an accident—a fire. This demon wrought severe havoc with us. We still feel the scars today. I shall relate the story of our “accident” as I remember it. I hope it will stimulate those of you who think you are “all set” with proper protection to make sure.

A large eastern manufacturer stated in a letter to me recently “Yesterday we took out an additional \$75,000 worth of fire insurance. We were terribly under-insured under the 90% clause, which we discovered after reading your article in *MILL SUPPLIES*.” Most business men do not understand the 90% Contribution Clause, or Co-Insurance Clause, in their Fire Insurance Policies. Do you?

Fire Cost \$16,000 Cash

I have titled my story “What Price Fire?” Our fire cost us over sixteen thousand dollars in cash—not to mention what we lost in sales, and not considering the wear and tear on our credit, our employees, our peace of minds,

and our length of life.

If there are those among you who do not think the same thing can happen to you, then what I am about to write will not mean a great deal to you. To those of you who have never had a fire loss, I hope my story will be a preparedness incentive and a safety signal. Those among you who have had a similar experience, whether in greater measure or in lesser, will understand every phase of my story.

An uncontrolled fire, destructive and demolishing, is one of the most crushing influences that can happen to man. An uncontrollable fire, destroying a possession that represents years of dreaming and working, is like a stunning blow that leaves your mind reeling.

Your thoughts inevitably turn to insurance. Again and again you revolve in your mind what knowledge you possess regarding the fire insurance. Is it paid up? Yes, you think so. In my own case, I was reminding myself of my poor judgment, worse than that, my stupidity. Less than a month prior to the fire I had reduced the fire insurance by ten thousand dollars.

Saving \$100 Cost \$10,000

The volume of our business was not as large as in the previous year and I believed the inventory sufficiently reduced—yes I could save approximately a hundred dollars in premiums by reducing the fire insurance. We wanted to cut corners. That particular corner cost us, not one hundred dollars, but more than ten thousand.

Nothing of spontaneously combustible nature is stored by us. Was this fire caused by a carelessly handled cigar

“There it was in the Extra: ‘A \$100,000 Fire.’ Our business was described and there was no small amount of insinuation of incendiarism.”





Finally the questions ended with orders for us to be on hand for further questioning

or cigarette? Was it incendiarism? Was it faulty electric wiring? To date the cause is unknown. All we are sure about, is that we had a fire and we are all aware that fires do not start by themselves in a warehouse such as ours.

Imagine, if you will, what it would mean to you to be called from your table at a restaurant where you were enjoying a visit with an old friend and told that your plant was a mass of roaring flame. Imagine, also, how you would feel after you rushed out to your place of business and found that the building in which your hopes and ambitions had centered for years a roaring furnace. Imagine, also, how you would feel, as you stepped out of the taxicab at as near a point as you could get to your burning building, a news boy rushed up with an extra telling about the fire in your plant.

There it was; "A \$100,000 fire." Our business was described and there was no small amount of insinuation as to possible incendiarism.

I'll never be able to tell how it affected me. I remember arriving at the scene a little after eight o'clock, just about the time it was really "going good." I was speechless, powerless.

I did not see anyone of my immediate family; for a few short minutes I was just one of the crowd. It was raining quite heavily. I seemed to stand alone against the world. My thoughts along this vein were dispelled abruptly. A finger tapped me on the shoulder. I turned in the hope of seeing a sympathetic friend. Instead, it was a stranger.

Fire Attorney Appears

He identified himself as a fire attorney and "would I please come with him"; my family would be most pleased to see me. For over two hours they had been searching for me; some even feared that I might be in the building. They had no way of knowing that I was indulging in a bit of Scotch while Rome was burning. We were all glad to be together again and thanked our stars that our persons, at least, were in good order.

Now a new kind of fireworks started. I was asked to enter a private room to answer a few questions. Those few questions developed into a thousand. This took place in the famous DesPlaines Street Police Station, which is "Kitty Korner" from our building. It is less than a

half block away, being in full sight from our windows.

It's bad enough to have a fire, but it's no added pleasure to sit by the hour to be questioned, and to see others questioned. However, it did take our minds off our problem, the fire.

Finally, the questioning ended, with orders for us to be in readiness for further questions. Now, lest you get an impression that we were handled like criminals, or in a rough-shod manner, or given the second or third degree, I ask that you dispel this from your minds. We were treated in a most courteous way and much consideration was given our feelings under the circumstances. It was simply a problem of asking one thousand and one questions and piecing the answers together. *That*, they knew how to do. They know their business. They searchlight your past and "I don't mean maybe".

When we left the station about midnight, the fire was under control. The building was still standing. The walls had not collapsed. It was still raining. I went into our building against orders and, what do you think prompted me to take that chance! I wanted my raincoat—and I got it.

Whole Army of "Helpers"

And whom do you suppose had our interest at heart? The public fire loss adjusters. One or two calls might have been all right, but they called in bunches—any number of them, then their "runners", and then their friends to recommend them. They were all very sympathetic, and most emphatic in their statements that without their aid and advice, little could be realized on our insurance. For fees from 3% to 5% they would take over all responsibility of settling the loss. They work fast, some of them too fast, and believe me, they do get into your hair.

At breakfast we decided to see in the daylight what was left of the building and its contents. We arrived about nine o'clock and, please believe me when I say, it looked as though the structure had been through hell.

There were great holes in the walls, as though cannon balls had been shot through. These were caused by the constant streams of water under high pressure playing against the bricks. Window frames were completely torn out. Some of the upper floors had caved in. It was a complete mess of burned timbers and scorched bricks, mixed with about \$60,000 worth of industrial supplies—all in ruins—all EXCEPT THE FIRST FLOOR.

Here we found our first ray of hope.

Fire Patrol Saves Day

The first floor was almost as we had left it in the afternoon on the day before. All the current records were intact, some not even wet. While the fire was raging in the upper floors, the Insurance Patrol, upon their prompt arrival, at risk of life, had spread tarpaulins over all desks and filing cabinets. The vault and safe were in good condition and all important papers were unharmed.

How happy we were when we made this discovery! The night before we had all felt that we were licked. Now we found this part of our business in good order. Our joy was great indeed. We began to consider ourselves very lucky. We immediately decided with great vigor to rebuild. It was the turning point in this story. Hope triumphed over despair.

Water was still falling through holes in the ceiling and running down the stairs like swift little brooks in the

springtime. The basement was completely filled with water from floor to ceiling and water stood six inches deep on the first floor. It had not reached the tops of the desks, however, which from our new point of view, we also considered very lucky.

With determination, we examined our fire insurance policy which we found undamaged in the safe. The premium had been paid. It was in good order. Most of our loss would be recovered. And here—Oh, how I wished I hadn't reduced the insurance to save exactly \$97.00.

Real Friends Appear

Friends came by the score and offered their sympathy and help. It was a Sunday morning of rising hope. True, our inventory had been destroyed. But friendly competitors telephoned and telegraphed, offering their help and their inventories in a most whole-hearted spirit of co-operation until such time as we were functioning normally. In addition, the sources from whom we regularly purchase came forward with most generous offers so that there could be a speedy rehabilitation of our business. We actually had millions of dollars in merchandise to draw from.

Of course, under such favorable circumstances, our course was full steam ahead.

We notified the insurance company by telephone and registered mail of our loss. We also telephoned our insurance attorneys, who had examined all of our insurance and had advised us in the words of the layman regarding our policies, pointing out faults and danger angles, as well as commending what was sure and right.

I really hated to face their representative. I had tried to outguess him in reducing the insurance without asking his counsel. I knew he would chide me. When he came, he did more than that—he "told me plenty."

"A nickel and two minutes of your time," he said, "would have saved you between ten and twenty thousand dollars. Why didn't you call me before you made that \$10,000 reduction? That's exactly why we are in business, to protect and advise you! Business men think they know insurance, but they don't, and this proves it."

\$6,000 Extra Loss

He explained further that, because of the reduction, we were underinsured and we stood to lose not only \$10,000 but also an additional \$6,000 or more. Our policy covered merchandise and fixtures, known as "contents," and we learned that it is mandatory to insure for 90% of the value, else one becomes a co-insurer.

In Chicago this provision is known as the "contribution clause". And, that, ladies and gentlemen, was my Sunday morning insurance lesson.

On Monday morning, we ordered the windows boarded up, temporary electric lights were installed, and temporary telephones were connected. We started off as though nothing had happened. It was the beginning of a new era for us. We have labeled it the A. F. period (after the fire). It is surprising how often the terms B. F. and A. F. are now used in the daily conduct of our business.

Everything ran smoothly—that is, more or less smoothly. However, the day would not have been complete without a new blow of some kind. We were getting used



Thanks to the Insurance Patrol, the vault and safe were in good condition and their contents intact

to these and expected them. This one came in the afternoon. The insurance company notified us, upon our inquiry, that book figures could not be allowed in the adjustment of our loss. They stated that, while the merchandise was in a heap, a lot of it could be identified for inventory and valuation purposes. An actual inventory must be taken.

We objected strenuously. We had no access to the upper floors. All stairways were burned. The elevator was in a heap in the pit. The fire escapes were barely hanging on the outside wall. The building was unsafe above the first floor. We considered it an impossible task. However, they directed us to read the clause entitled, "Requirements in case of loss" which was in our policy and which reads as follows:

Read Your Policy

"The insured shall give immediate notice, in writing, to this Company, of any loss or damage, protect the property from further damage, forthwith separate the damaged and the undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, stating the quantity and cost of each article and the amount claimed thereon; and, the insured shall, within sixty days after the fire, unless such time is extended in writing by this Company, render to this Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the fire, the interest of the insured and all others in the property, the cash value of each item thereof and the amount of loss or damage thereto, all incumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession, or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of fire; and shall furnish a copy of all the descriptions and schedules in all policies and if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged.

"The insured, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices, and other vouchers, or

(Cont. on p. 42)

Credit on the Santa Fe Trail

Business Pioneering in Pueblo Regions

By Errett Van Cleave, Natl. Director N. A. C. M., Assistant Treasurer
Charles Iffeld Co., Albuquerque, N. M.

During the Civil War a young man came over from Germany and lived in Santa Fe, N. Mex. for a few months until he could learn the two languages used in the Southwest. He moved to Taos, N. Mex. and became a partner in a small store there. Taos was then the home of Kit Carson and a rendezvous for beaver trappers.

In May, 1865, the partnership was dissolved by dividing the merchandise stock. He secured nineteen burros with pack saddles and spent the next week herding them over the Sangre de Cristo Mountains to Las Vegas (The Meadows), N. Mex. He opened a small store on the Plaza in Old Town, and this was the beginning of Charles Iffeld Company, for many years one of the leading wholesalers of the Santa Fe trail area of New Mexico. The Santa Fe Railroad was running their survey through to the west coast and Las Vegas was a thriving town. Mr. Iffeld prospered and expanded his business. When the panic of the early seventies came he had a big stock of merchandise, bills to pay and no money to be had; he was in desperate circumstances.

Many years afterward we were discussing the account of a Mexican customer who was in bad shape and thought we would have to close him out. "Don't do it", Mr. Iffeld said, and then he told me a story of the early seventies. He was without money and could not borrow. At last in desperation and more for consolation he went to an old Spanish Don who had been friendly to him and had watched his struggle to get a start, and told him the circumstances. The old Don gave him a key and told him to go into his bed chamber and there he would find an old leather trunk which the key would unlock and that in it he would find something that might help him. He did so. The trunk contained a large amount of gold. Mr. Iffeld had counted out \$5,000.00 when the old Don came to the door. "What are you doing, Carlos?" he asked. Mr. Iffeld replied that he had counted out the money and was writing out his note for the amount. "I do not care what you take and I do not want your note. When you can spare it put the money back," the old Spaniard said. "I put the money back with plenty of interest,"

Mr. Iffeld explained. Without his help there would have been no Charles Iffeld Company. "Don't do it," he said again, "this customer is the grandson of the old Don."

In the early days Mr. Iffeld made a trip east each year to buy merchandise. He would visit with the owners of the business and after a day or so they would agree on a line of credit. The merchandise would be shipped by rail to the end of the line in Kansas where "wagon trains" would be organized to ship overland on the Santa Fe Trail under the protection of soldiers. Costs were high but profits were good and Mr. Iffeld continued to prosper. At the close of the seventies came the Santa Fe railroad and the end of the "wagon trains."

About this time came another young man from Germany, a brother-in-law of Mr. Iffeld, and began a friendship and partnership which was to last throughout the lifetime of the two men. The store continued to grow under their combined abilities. They were different in many respects, yet they supplemented each other. Mr. Iffeld the salesman, Mr. Nordhaus the executive. They built a new store on the Plaza. They bought wool and sheep and supplied the ranchers with everything they needed. In 1906 the partnership became a corporation and they discontinued the retail department and became "Wholesalers of Everything." They opened stores in Albuquerque, Santa Rosa, Santa Fe, Magdalena and Raton. The Gallup Mercantile Company was purchased as well as the Willis Martin Company, which later became the Durango Mercantile Company at Durango, Colo. and Farmington, N. Mex. They established ranch trading companies at Corona, Pastura and Mountainair, N. Mex. They became a large factor in New Mexico wholesale business.

Yet it is the early days that interest me most. Old Ledger "A", in Mr. Iffeld's own bold handwriting is an interesting book. There are many stories between its pages. He did considerable business with the officers and soldiers at old Fort Union. The first item on the account is usually a jug, or maybe a keg of whiskey, followed by chewing and smoking tobacco, and then flour, bacon, calico, etc.

Mr. Iffeld was quite active in Masonic



Charles Iffeld, pioneer merchant along the Santa Fe Trail

work and he used to chide me, "you are no Mason," he would say, "you ride to Lodge in a nice car, eat a nice dinner and go home." "When I became a Mason," he would continue, "it meant something. It took all day to ride to Lodge at old Fort Union. We sat up all night and it took all the next day to ride home." He was also a member of the Vigilance Committee which had some work to do in the early days.

Probably the friendliness and esteem of the native people toward Mr. Ilfeld can be best illustrated by a little story told at one of our company meetings by a man who had traveled for many years in the southwest representing an eastern hardware firm. "I was calling on a native store up near Taos," he said. "After each trip Juan would refuse to buy saying 'Me friend Mr. Ilfeld, me buy of him!'" Finally the salesman bore down hard. "I have the same axes and the same prices as Mr. Ilfeld. I want the order." "No, me buy Señor Ilfeld," came the answer. "What in the h— did Mr. Ilfeld ever do to make you such a friend?" and Juan replied: "A long times ago me sold me sheeps, me had four thousands of dollars, me afraid of the banks, me afraid me neighbors steals me money, me no sabe what to do, me thinks a long times, me takes the money to Mr. Ilfeld and he keeps it for me, he keeps it long times, maybe ten years and no charge me a cent."

A \$25 Sale

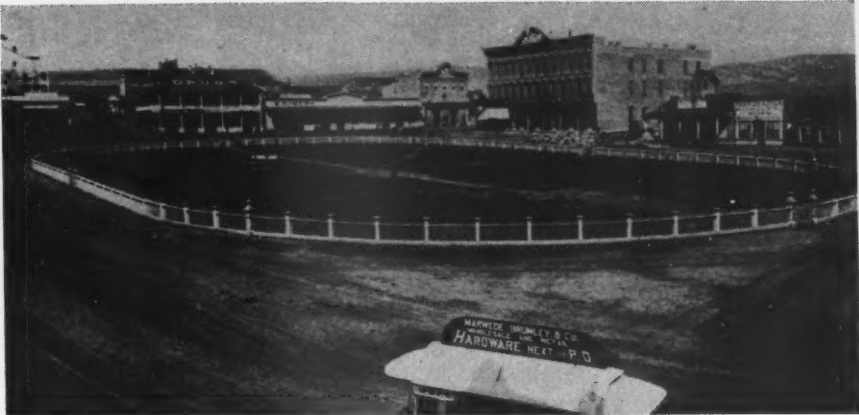
The story is told of old Tomás, a native sheep rancher near Tucumcari who hauled his wool overland to Las Vegas and sold it to Mr. Ilfeld. It brought \$2,000.00. After trading a day or so and buying everything he needed Tomás still had \$25.00 coming to him. This was poor salesmanship, so Mr. Ilfeld put his arm upon Tomás' shoulder. "You have a good wife, Tomás," he said, "she stays on the ranch all year, she never comes to town, she cooks your frijoles and washes your clothes. You should take her something nice, Tomás. I have a beautiful silk dress for only \$25.00. He sold the dress and Tomás went home happy.

Mr. Ilfeld was very fond of Mexican "bailes". He would dance all night with the señoritas and not overlook the señoras. He attended their weddings and fiestas; he mourned at their funerals. He was indeed their friend and they both prospered by it.

When in Doubt Don't Do It

Times are changing and we are living in a new world but the lessons we learned from Mr. Ilfeld are good today. Character, honesty, industry and thrift are still fundamental. "If you have any doubt, don't do it," he would say.

Our stores in the western part of the state are near the Indian reservations and their dealings with the Indian traders present rather a peculiar credit problem. An Indian trader secures a license from the government to trade upon the reservation. He goes out miles from no where and opens up a trading post. The Indians come



First Ilfeld store at Las Vegas, New Mexico, about 1878 faced on the Old Town plaza. The pile of rocks shown in front of the three-story building (the hotel) is material used to build the new Ilfeld warehouse now in use. The "street car" in the foreground is the "pony" car which ran between the old town and the "station" town.

to it to trade. They have silverware, made from Mexican pesos, blankets woven by their squaws of wool from their own sheep, hides, pelts, wool and lambs. The trader must take these in exchange for his merchandise. The wholesaler in turn must take these from the trader and sell in the market to secure payment for the merchandise. Pinion nuts, or Indian nuts, as they are called in the east are another source of payment. These are gathered by the Indian or Native people, brought to the store and exchanged for merchandise and so reach the wholesaler. Some are sold on the Pacific coast but most of them get to the lower part of New York City and are sold to the foreign people.

Two Big Settlement Days

The trader expects long terms. Wool time (May) and lamb time (November) are usual settlement dates if the wholesaler is lucky. If not he has to carry the trader for another season. Oftentimes the account runs into thousands of dollars and if you can't collect it is just too bad.

Outside friends sometimes ask me how I get along with the Mexican people in a credit way. They are not different from other people if you understand them. They are a people with a Latin background, very proud of their history, were living in New Mexico long before the Pilgrim Fathers touched New England shores. They have a Latin culture, they are proud, they are friendly, but they are not Anglo and I try to see things through their eyes and in their way. Manana and poco tiempo are a part of their blood and bone. But they too are changing for the later generations are becoming Anglo-cized and are picking up some of our bad ways as well as losing some of their good ones.

Bigger Opportunities?

Yes, the world is changing, but I am old enough to think of the "good old days." Yet when I think of the toil, hardships and orivations of the founders of our company, and the heritage which we have received, I wonder if we are made of as good stuff. Would we make the effort to succeed that they did? Put it the other way, if we made the effort today that they did are not our opportunities much greater?

Better Business Letters

How Caterpillar Tractor Co. Obtained This Result

By Bert Powell, Caterpillar Tractor Co., Peoria, Ill.

C Recently a small booklet, "Better Letters" was prepared and distributed by the management of Caterpillar Tractor Co. to its executives, department heads and all office employees including stenographers. The cover bore the simple explanation, "A Discussion for all Employees of Caterpillar Tractor Co. Who Dictate Letters Or Who Write Them."

This little booklet has considerable background, really marking the culmination of a growing appreciation of several years of the importance of good public relations. Like all businesses, the Company was searching within itself for numerous things that could be done to maintain and, if possible, even to improve those relations.

It was obvious that the letters "Caterpillar" wrote were highly important and offered a most potent opportunity. It looked like a simple problem in the beginning and it was, but there was a lot of detailed work needed to get the right answer.

Executives agreed that the first thing to do was to get the outsider's viewpoint, so they sought out and obtained a man of skill and training, one with wide business experience who had also won considerable reputation as a university lecturer on the subject. This expert wasted no time following his arrival at the offices of Caterpillar Tractor Co. in Peoria, Illinois. He dipped unsparingly into the Company's general files, and their contents were carefully studied.

The next step was a meeting of all executives and department heads, and each of the latter had brought with him a hand picked collection of correspondence to be reviewed and discussed. These contained samples of letters good and bad, both received and written by the Company.

It may be said right here that form and grammar played little part in these discussions. It was the time-worn phrase, "It's the principle of the thing," which ruled and moved the discussion.

After all had agreed on the principles revealed by these studies, it was decided to put the results into book form. Manuscript was prepared and again reviewed by department heads and executives, with the printing of "Better Letters" as the result. Assuredly, it isn't the first book of its kind to be produced by companies who are letter-conscious, but it differs from most of them in that it does not devote a major share of its subject matter to form, do's and don'ts and rules. It is brief and simple and informal as well, with a purpose only to create a realization of the importance of good letters, the value of good letters

and a sincere desire by all employees who write them to make them as good as possible.

You get a pretty good idea as to the lack of formality of the booklet just after you pass the contents page, for page 3 advises you in verse form, as follows:

IN MEMORIAM

We beg to advise you and wish to state
That yours has arrived of recent date.
We have it before us, its contents are noted;
Our Mr. Smith tells us the price he has quoted.
Attached you will find, as per your request,
The sample you wanted and we would suggest.
Regarding the matter and due to the fact
That up to this moment your order we've lacked
We hope that you will not delay it unduly
And we beg to remain, ever yours very truly.

The "why" of the booklet quickly follows, for the foreword says:

"It should be made clear at the outset that it is not the purpose of this publication to provide a text book of English—not to teach spelling or grammar or punctuation. It is presumed that education in these subjects will have been acquired in grade school, high school or college, or that those who have been deprived of an opportunity for a formal education will have made up or will make up the deficiency in any of various ways including self-education, correspondence courses or night school.

"This is, therefore, in no sense an elementary textbook, though some of its contents may seem elementary in nature. It is intended to deal chiefly with the basic principles of good letter writing, and only with forms and details to the extent that certain letter-writing practices have been adopted by Caterpillar Tractor Co. that are peculiar to this business or that represent our choice, for the sake of uniformity, from several acceptable practices."

The text goes on to say under the caption, "Why Better Letters?" that most of the Company's letters are to people from whom it buys or to those who would like to sell their goods or services to it; to transportation companies; to applicants for employment; and, in large measure, to its distributors and dealers. But—it reminds—the Company has something to "sell" to all of these—a good opinion of the Company and the people in it and the way it does business. It reminds that it should be borne in mind that its distributors and dealers are its

customers—by far its largest and most important customers.

The text continues under the caption, "Striving, Not Straining," to ask, "Will I not, in trying to write better letters, be so self-conscious of my responsibility, so determined to write and rewrite letters to improve their character, that I will consume an undue amount of time for the duties of dictation—and perhaps have my efforts result in less effective letters than I would otherwise produce?" The answer to this, the booklet states, lies in *striving* for improvement, but not *straining* for it.

It is pointed out that any attempt to establish a lengthy set of rules for letter-writing—a long list of do's and don'ts—a complicated formula—is almost certain to end in disaster for those who attempt to establish them and those who try to employ them. In view of these rocks and shoals, it says, the fundamental of a good letter can be accepted as *Sincerity*. A sincere desire on the part of the letter-writer to make his letter of maximum helpfulness to the recipient and of maximum value in winning good will for Caterpillar Tractor Co. is emphasized as the one essential to bear in mind.

Under the caption, "Hackneyed Phrases," venerable stock letter-writing rubber stamps get a real going over. There is no surer evidence of the fact that a writer considers letter dictation a disagreeable chore instead of a good will building opportunity, the booklet states, than the use of stock phrases that are meaningless and hackneyed. Some of the examples lambasted are the words or phrases "Advise," "At hand," "Favor of even date," "You Claim."

"You" is given the nod over "We." It is declared more effective to write in the interest of the recipient of the letter than of the writer. The following example illustrates the point well:

"We are referring to our San Leandro office your inquiry of July 12th, inasmuch as that office handles our sales activities in the Pacific Coast area."

Compare the foregoing sentence with this one—"The information you have requested can be supplied so much more promptly and accurately from our office at San Leandro, that we are asking that office to reply to your letter of July 12th."

Description of letters clear and concise, the employment of a variety of words which in turn calls for an adequate vocabulary (but being wary of ten dollar words) methods of acquiring a vocabulary and "The Stenographer's Responsibility," complete the subjects discussed in the first half of "Better Letters."

The second half of the book concerns standard practices at "Caterpillar." Here is stated approved usage of the trade-name, the correct method of letter routing, as well as the highlights in nomenclature of the Company's products.

Companies doing export business will be interested in what the Caterpillar letter manual says about correspondence on export business:

"Generally, all correspondence of any nature to and from export territory will be handled by the Export Department. All correspondence with firms or individuals in the United States, but involving export matters, should first be referred to the Export Department and the answer made in accordance with instructions furnished by that department.

"It must be remembered that our export dealers and our own export representatives abroad, are in touch with, and frequently involved with, other manufacturers or individuals. Frequently there come to us from abroad, from firms outside of our organization, letters dealing with matters which may appear to be outside the scope of export sales. Our Export Department usually is familiar with such situations and may have reasons for desiring to handle such matters in some particular manner.

"If letters from abroad, or letters involving any export matter are handled by other departments, wires may be badly crossed and our Company embarrassed. A misunderstanding in the domestic territory can be quickly and cheaply explained by a letter or telephone message, but a similar entanglement in foreign territory might take weeks to straighten out and may involve an exchange of very expensive cablegrams.

"All letters received from foreign countries (except Canada) must first be sent to the Export Department and must not be answered by any other department, except at the request of the Export Department. Such answers and all letters sent abroad should be submitted to the Export Department for its approval before mailing.

"These instructions do not apply to routine correspondence between our dealers and the Parts Department, or Treasury Department. In such cases, however, the file copy should be marked for that department.

"When a letter is written to an export dealer by any department other than the Export Department, the letter should bear the signature of the department head, except where several divisions of a department have considerable correspondence with export dealers, in which case the department head may delegate certain assistants to sign export correspondence. This practice is adopted in the case of our distant dealers, to confine to the smallest possible limit the number of those in our organization from whom they will receive correspondence, thereby avoiding confusion on their part.

"When any department other than the Export Department has occasion to write to an Export Representative, the stenographer should in each case call the Export Department by telephone and ask for a number to assign to that letter. Numbering of letters to and from our representatives abroad has greatly facilitated contacts with these distant employees.

"For the same reason, those who have occasion to write to Export Dealers should follow the instructions of the Export Department relating to number of copies, to whom these copies are to be sent, and as to whether or not the letter should be translated. A mimeographed alphabetical list of Export Dealers, issued periodically by the Export Department, contains this information. If a list is not available to a stenographer at the time she is typing a letter, the information can be obtained by telephoning the Export Department."

It would be putting on only the prime coat to say that they've suddenly become letter-conscious at "Caterpillar." There is much chewing of pencils and diving for a dictionary, by both president and stenographer. Well, why wouldn't there be now that "enclosed herewith you will find" has become a felony and "beg to state" draws a sharper gasp than would the uttering of the choicest bit of heavy-machinery profanity?

After-a-Fire Value of Records

Hazards Which Concern Credit Management

By Westley M. Ingersoll

ON The Plan of Organization for one of this country's largest corporations includes among the duties of a ranking executive: "To provide for the preservation of the company's property and for the safety of its employees in the event of fire; to make monthly surveys of existing fire hazards and the adequacy of the protection currently afforded company records and documents."

Probably there aren't many firms which have so formally recognized the value of business papers and records and so definitely assigned responsibility for their security. Record protection is usually everybody's duty—and hence nobody's. It is pretty much up to departmental executives to see to the safety of the papers under their immediate jurisdiction. To the degree that they carry out this tacit order is the company safeguarded from serious loss and an often crippling inconvenience after fire has struck.

The Credit Manager has probably sinned just as frequently as have his neighbors in sales, traffic and inventory control. Does he periodically "make a survey of the existing fire hazards and the adequacy of the protection currently afforded company records and documents?" Has he ever done so? Has he considered the wisdom of such a check-up, not merely on his own departmental records, but also on the records of the firms which owe him money?

Scope of a Survey

A record protection study isn't difficult. There are only four things to be done, whether the inquiry concerns your own department or a risk existing in the offices of your company's debtors:

- 1—Classify your records in accordance with their after-fire value to your business.
- 2—Evaluate the protection you have given your records and files.
- 3—Estimate the duration of the fire you are likely to suffer.

4—Decide on the protection you ought to have.

Let us, therefore, briefly consider the procedure required for each of these steps and determine whether there isn't a practical program here for any manufacturer's or wholesaler's credit management, regardless of the size of the organization and regardless of its location in a large city or a very small town.

Classification of Records

What, then, is the after-fire value of records and files to a business? They are needed to accomplish four exceedingly important after-fire tasks:

- 1—To collect your Accounts Receivable.
- 2—To collect your insurance indemnity.
- 3—To resist unjust claims.
- 4—To resume business promptly.

And unless these four duties are assumed successfully, a company that suffers fire is pretty apt to go out of business. As a matter of fact, an investigation conducted with the help of the world's leading credit agency revealed that 43% of all firms, losing their records by fire, were unable to resume operations. Seventeen percent of companies that suffered record loss could no longer furnish financial statements. Fourteen percent had to submit to a reduction of from 30 to 66% in their credit ratings. The remaining 26%

had no impairment of their credit status but unquestionably endured other serious losses.

The After-Fire Job

"To collect accounts receivable" certainly interests the Credit Manager. Retail experience indicates that without the facilities to prove indebtedness collections shrink from 30% to 75%. Individuals just don't pay up unless you tell them what they owe, when they bought, what they bought. There are many equally significant reflections upon the honesty of corporations and partnerships. You simply must have your ledgers after your fire. Your collection records will be as necessary.



Imagine trying to make collections with a pile of ashes as your only records

"To collect insurance" and "To resist unjust claims" probably aren't strictly within the province of the average credit man—unless he begins to probe conditions prevailing in his customers' offices. When he does that, however, he cannot assume that existence of a policy on building and contents presupposes complete settlement after fire. The insured must "prove his loss," must produce the records and documents necessary to back his claim. Otherwise there is a costly compromise, and the assets you counted on to prevent a loss will never materialize.

The best way to fix the relative value of credit files, authorization indexes, time payment contracts, collection correspondence, is to picture yourself without them on the morning after your fire. How would you go about your work? What losses would your company risk? How long would it take to recreate these working tools? Would you actually be able to rebuild them? Once these questions are answered, you have prepared yourself to safeguard your company's after-fire interests—and your own. In general, then, a classification of business papers and records reduces itself to four somewhat overlapping groups. You will find in your department—and in any business in which you interest yourself:

1. *Vital Records*—Those essential to a firm's existence.
2. *Important Records*—Operating records of informative value.
3. *Useful Records*—Papers whose loss would be merely inconvenient.
4. *Non-essential Records*—Probably eligible for destruction.

Checking Your Protection

You have a safe, of course, and you use it religiously. But how safe is your safe? Do you know that safes are subject to the same laws of obsolescence that govern the aging of other impermanent things? Your safe may be massive, heavy, but, if it is old, the chances are it has lost about all the fire resistive properties it ever had. The Safe Manufacturers National Association has formally declared that all safes made prior to 1917 "are limited in their ability to preserve their contents because of physical deterioration and deficiency in construction or design."

This old equipment may have once been efficient. But due to the evaporation of the free water which forms so large a part of its insulation, its effectiveness was but temporary. And its structural strength was always doubtful, since it is largely dependent upon iron frames for resistance to shocks and falls. Iron begins to weaken at 600 degrees, a comparatively low fire temperature.

You May Have Sub-Par Protection

Even modern safes may be unfitted for the job you give them. Yours may have been designed for temperatures far under the heat likely to be generated at its site.



Modern fire-insulated products are proven in scientific testing furnaces

It may have protective ability below that deserved by the records you own. What chance has a 1000 degree safe in a 2000 degree fire? How good would a half-hour safe be in a four-hour blaze? It's a mighty good thing to KNOW—how safe is your safe.

And perhaps you put your trust in a steel desk, locker, table or filing cabinet—someone said it was "fire proof" because it was made of steel. The Underwriters Laboratories of Chicago and the Safe-Cabinet Laboratory at Marietta fix the protective qualities of ordinary steel files at from three to five minutes! They make fine ovens for their contents, and in a fire of any intensity deliver only ashes to their user.

Modern record protection products combine the functions of defense against heat and of working tools. Though heavily insulated, they are as easy to move, to post

to, to consult as cabinets which offer only five minutes of resistance to an extreme temperature. Your ledgers may be protected in insulated machine bookkeeping trays, your authorization records may be maintained in insulated cabinets, and your credit information may be filed in insulated files.

And you may actually match the protection you provide to the value of the records you own (determined by Step 1 of your survey), in the light of the housing now available (Step 2) and of your fire hazard (Step 3). Insulated vault doors are made for predicted exposures of from one to six hours; safes for from one to four hours; insulated ledger trays for one or two hours; and insulated filing cabinets for thirty or sixty minutes.

A New Protection Principle

There thus develops an entirely new principle of safeguarding the valuable papers and records of business. Modern fire-insulated products are proven in scientific testing furnaces and are rated according to ability to protect their contents from heat. Labels are issued by the Underwriters Laboratories of Chicago, the Safe-Cabinet Laboratory of Marietta and the Safe Manufacturers National Association, which precisely certify the ratings of containers to which they are affixed. There is no longer excuse for reliance upon a device of doubtful or unknown protective qualities or upon a safe so old that it can no longer be considered safe.

These considerations, it would seem, should be intensely interesting to the credit executive. They apply, naturally, to the records of his own department, which he will sorely miss should they suddenly be snatched away by the red fingers of fire. And they suggest a proper curiosity regarding the conditions existing in the offices of the firms which owe his company money. Fire never published its schedule. It strikes an American business every seventy seconds. It exacts from business nearly \$1,000,000.00 every day. The law of averages indicates that your company takes an exceedingly wise precaution when extreme care is exercised in preparation for its coming.

Pioneer Points to Credit Progress

Veteran Banker Reminiscences About Start of N.A.C.M.

By Norman H. Steward, Financial Editor, News-Press, St. Joseph, Mo.

OF More than half a century ago a seventeen-year-old schoolboy in Germany decided to come to the United States and grow up with this new country of opportunities. He came, he saw and he conquered. Today he is vice-president of one of the leading banks in his adopted city.

This is a brief sketch of the career of Max Andriano, oldest member of the Credit Men's Association in St. Joseph, Mo. He is eighty-four years old and still active in the business world, an unusual accomplishment for a man of his age. Alert and interested in current events, he spends part of each day in his office at the First National Bank where he has been employed since 1912. He has been engaged in banking service fifty-eight years.

Mr. Andriano became a member of the St. Joseph Credit Men's Association when it was organized shortly after formation of the National Association at Toledo, Ohio in 1896. He believes that development and growth of business is due mainly to the untiring efforts of credit managers throughout the country. Whether a business firm shows a profit or a loss depends greatly on the ability of the man who passes on the credits of the customers of the concern.

How N.A.C.M. Helped

He never served as a credit manager, but was interested in the credit standing of firms and individuals in this territory. Applications for loans were numerous and the ability and willingness to pay were prime factors in whether a favorable or unfavorable response was made to the applicant. Services of both the St. Joseph and the National Associations proved invaluable.

A small number of St. Joseph men attended the meeting at Sioux City, Iowa in the spring of 1896 to stimulate interest in the formation of a National Association. This city also was represented at Toledo. Mr. Andriano did not attend these two meetings, but became a member during the first drive by the local Association. Membership was small the first few years.

Experiences relating to securing credit information before and after the local Association was formed, show a great change in methods. Before 1896 it was every man for himself with much dependence on luck. Lady Luck was not always kind. Mr. Andriano as well as other men engaged in investigating credits depended on meager information as protection for goods or money. At times firms with supposedly good ratings would default in payment and long shots would pay within the specified time.

Bank records show more first class credit ratings forty to fifty years ago than at the present time. Mr. Andriano believes that this unfavorable comparison is due mainly to lack of information in earlier days. He cited an example of a firm that paid one creditor and failed to pay another. This credit rating was both good and bad depending on which creditor was compiling the information. The same firm in modern times would have a different standing. Information on both transactions would be available to prospective creditors and the credit would be judged accordingly.

"Ratings" Sometimes a Myth

Lack of cooperation between credit managers of rival business concerns caused many losses in the latter part of the nineteenth century. Credit managers considered facts concerning ratings of customers as private information and were afraid of losing the customers if this information was distributed.

One of the highlights in the changed methods of handling and reporting credit information shortly after the Association was formed was the long hours necessary to compile this information, according to Andriano's recollections.

"Sometimes I worked until 9 or 10 o'clock at night helping new employes of our bank with their work," the veteran Credit Association member related. "On my way home I walked through the industrial section of the city. In most buildings I saw credit managers working over large books and files to add information concerning latest reports on credit standings. I could not help complimenting these men when I knew that all of the information was available to fellow members of the association."

Cooperation Reduced Losses

Business reports from month to month showed that more detailed information and cooperation between credit men were having the desired effect. Fewer losses were reported and consequently business was on the upgrade.

Mr. Andriano always has been active in civic affairs and takes a great interest in his affiliations with the Rotary Club, Humane Society, Crippled Children's Society and Chamber of Commerce. He is also a former Boy Scout commissioner. Persons seeking donations for public buildings always find him ready with a check. He says that he would hate to pass a public institution and fail to see a few bricks in the building that his money had purchased.

Fifty-eight years in the banking service brought valu-

able information on methods of conducting business. The veteran banker has a few points of advice for men who wish to be successful. Included in the list are the following:

1. Advertise.
2. Secure all new customers possible, but spend the greatest effort in holding old customers.
3. Rest after working hours.
4. Always do it now, never delay.
5. Never say it can't be done or I forgot.

Broad Business Experience

Prior to entering the banking service he held many jobs including cigar store clerk, shoe store clerk, grocery clerk and delivery boy, soldier and Indian fighter.

His parents died when he was a small boy. Six weeks after his mother's death a brother was drowned while playing with a group of friends. Left alone in the world, the youth found life in his native country uninteresting and full of unpleasant memories. He was an anti-militarist and looked forward with horror to compulsory service in the German army. He longed to come to the United States where there was no compulsory military service.

Friends and distant relatives objected. They argued that a boy would be unable to earn a living in a strange country. These arguments had little effect. The youth finally realized his ambition and landed in New York in 1872. Millions of electric lights, many business buildings, large churches and busy streets impressed him.

He was filled with joy and could visualize many opportunities in this new land. He was due for disappointment. His first three years in the United States were filled with trials and tribulations. The major handicap was lack of knowledge of the English language. His financial condition made it impossible to secure competent instruction. He walked the streets each day seeking employment and spent his nights reading newspapers and books to improve his English.

"Go West, Young Man"

Finally the youth decided that he was wasting his time. His supply of money was dwindling rapidly and he was still unemployed. A trip west seemed to be the only solution for his problem. To conserve his supply of money he bought a "scalper's" ticket to St. Joseph. Through this transaction he saved half the fare. The railroad trip proved interesting. The train carried him in a roundabout way with Canada on the list of stops. Six days after leaving New York City the train arrived in St. Joseph.

He walked the streets only a few days this time and was lucky enough to secure a job as clerk in a cigar store. With visions of a position as a successful owner of cigar

stores throughout the country he spent many hours of hard work and studied at night in order to learn new methods of selling tobacco. He was showing rapid progress as a counter salesman when his services came to an abrupt end. The panic of 1873 caused a sharp drop on the business chart. Financial difficulties entered the picture and the owner of the store was forced to sell out to satisfy creditors.

When a 9 Became a 6

The year's employment put props under his faith in his own ability and it was an optimistic experienced clerk who hunted for a job this time. Within a short time he began selling shoes. One of his favorite stories, based

on experiences in the shoe store, deals with the women's fad for wearing tight-fitting shoes.

"I had just spent much time on a sale when a well dressed lady came into the store. I was tired and decided to try a new method for a quick sale. The lady had large feet, but when I measured her foot I mentioned that a size six would be correct. She smiled and seemed well pleased. I found a size nine, turned the figure upside down and showed it to her. When I placed the shoe on her foot the fit was perfect. She bought the shoes immediately."

The young clerk was satisfied with his position and on the road to success again where there was another detour. Creditors closed the doors again. This time Andriano went to St. Louis. Around 40,000 persons were unemployed in that city and the roving clerk was unable to find a job. Finally he began selling newspapers on street corners. He was not satisfied and in a few months moved to Potosi, Mo., where he began new

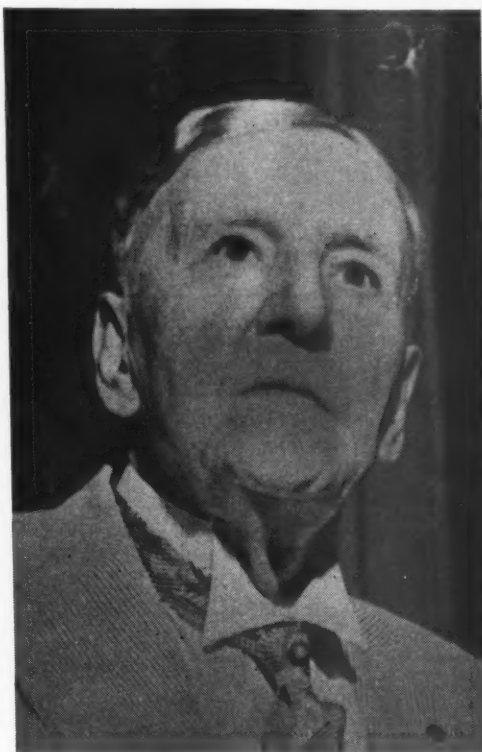
duties as clerk in a general merchandise store.

"Goose Chase" to New York

One morning he received a letter from a friend in New York. The friend wrote that he knew of a better position open for a young man with qualifications as a clerk. Elated, Andriano severed connections with the general merchandise store and boarded the first train to the big city. The curve representing his business career hit bottom again when he arrived in New York. The job failed to materialize and even his friend was without employment.

Lasting impressions of his second trip to New York included building of the Brooklyn bridge and construction of the elevated railway. Construction crews of the company with the elevated contract were hampered by objections. Persons who resided near the proposed location of the railway complained that the noise would be intolerable. One of the crews worked less than a block from Andriano's room.

A job as grocery clerk and (*Continued on page 44*)



Mr. Max Andriano

1939 Social Security Act Amendments

Effect of Revisions of Old Age Insurance Law

By Arthur J. Altmeyer, Chairman, Social Security Board

OF The amendments to the Social Security Act, signed by the President on August 10 of this year, provide for marked extension of the protection offered by this program and for improvement of its administration. In the few years since the act was passed, it has come to be accepted as a fundamental factor in promoting a more stable economy for the Nation. Practical experience gained from actual operation has pointed the way to the methods adopted by Congress to increase its effectiveness. These developments are important not only to workers and others directly benefited but also to business and to the Nation as a whole.

Each of the several features of the act has been strengthened by the recent amendments: The old-age insurance system has been revised to give increased protection to insured workers. It has been extended to include additional groups of workers and to provide protection for workers' families. The increase in old-age insurance taxes which was due to take effect in 1940 has been eliminated. Employers wage reports will be simplified. Substantial savings for employers are also effected through changes in the basis of the unemployment insurance tax. Additional Federal funds have been made available under the public assistance, health, and welfare measures, thus making it possible for the States materially to increase financial aid and services to the needy.

Increased Benefits for Workers

Primarily to provide some income in old age for wage earners who, no matter how thrifty, could not hope to lay aside enough to keep them when they are too old to earn a living, an old-age insurance system was established under the Social Security Act of 1935. Under this system employers and employees have been paying taxes based on the employee's wages for the past three years. However, there were certain outstanding limitations to Federal old-age insurance as originally established. First, some years would necessarily have to elapse before monthly benefits would be payable, and in the early years after they have become payable these benefits for the average worker would have been very small in comparison with the

worker's normal wage rate. Second, no cognizance was taken of the families of workers who would still be dependent on the worker's income after he retired, or would be left without means of livelihood in case of his death. The recent amendments broaden and extend the system so as to provide more adequate benefits to workers retiring during the early years and to relate protection under this insurance system to the family as a unit.

Before the Social Security Act was amended, the old age insurance system provided that monthly benefits would begin in 1942. To receive such benefits the employee was required to have worked in at least 5 different calendar years after 1936. Monthly benefits, under the original act, would have been based on the accumulated total of wages earned after 1936. Wages earned after age 65 would not have been counted as credit toward old-age insurance benefits.

As amended, the act provides for monthly benefits to begin in 1940.

In the first half of that year, an insured worker 65 years of age can qualify for these benefits if he has earned as much as \$50 in each of 6 different quarter years after 1936. Additional quarters of coverage will be required for those attaining age 65 later. Under the amended system wages earned from January 1, 1939 by workers aged 65 or more will be counted toward benefits, thus enabling many workers, previously ineligible because of age, to qualify for monthly benefits and others to increase the amount of their benefits. The basis for determining the amount of benefits has been changed from total accumulated wages to average wages. This will serve to increase benefits for workers who are nearing the retirement age, as well as to maintain a closer relationship between the rate of benefits and the rate of earnings.

Under the original act monthly benefits were provided only for the retired worker, with no additional benefits in case he had a dependent family. The only payment that might be made to the worker's family was a lump-sum death payment, from which would be subtracted any benefits the worker had received during his lifetime. The act in its amended form provides for supplementary monthly benefits for the aged wife or dependent child

Obviously, an article of this length cannot attempt to answer all the questions which arise in connection with these important amendments.

Any Association member who desires to receive a complete set of explanations of the amendments which has been prepared by the Social Security Board can obtain the set by writing direct to Mr. C. F. Baldwin, Manager, Washington Service Bureau, National Association of Credit Men, 410 Munsey Building, Washington, D. C.

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of a retired worker and for monthly benefits to the survivors of insured workers who die. These additions represent a tremendously significant step in the direction of greater social security. The family is the basic unit in our society, and adequate security for the wage earner must include the security of those dependent upon him. This is recognized in the amendments. They provide additional monthly benefits for an annuitant's wife if or when she is 65, and for his minor children. When an insured worker dies, survivors' benefits are provided for his widow, if she is 65 or has minor children in her care, and for such children themselves; or for the worker's parents, if they are aged and dependent, and if there is no widow or child.

In view of the extension of old-age insurance to afford protection for the families of workers the title of the system has been changed to "Old-Age and Survivors Insurance."

Changes in Coverage

The amendments have also made several important changes with respect to employment covered by the old-age insurance system. Exempted employments have been extended to include employees of foreign governments and their instrumentalities, family employment, service of newspaper carriers under 18, certain "nuisance" cases of inconsequential tax payments connected with services for fraternal benefit societies. With regard to agricultural labor, the exemption has been defined and further extended and the exception of domestic service now applies to employment in a college club or fraternity as well as in a private home.

Coverage under the old-age insurance system has been extended by the amendments to seamen on American vessels and to employees of banks, building-and-loan associations, and certain similar organizations. These extensions of coverage, together with the provision covering wage earners over 65, will bring about 1,100,000 additional people into the system.

Changes in Old-Age Insurance Taxes

The rate of taxes under the Old-Age Insurance system for both the employer and employee has, since January 1, 1937, been 1 percent of the employee's wages (up to \$3,000 a year). This rate was scheduled to rise in 1940 to 1½ percent for both the employer and the employee. Under the new amendments the rate will stay at its present level—1 percent—for the three years 1940-42, inclusive. This freezing of the tax will, it is estimated, save employers and employees approximately \$825,000,000 in the next 3 years.

The method of paying taxes and reporting wages remains the same. The employer deducts the employee's tax from his wages when paid and sends this with his own tax to the collector of Internal Revenue each quarter, at which time he reports the amount of each employee's wages. As formerly, the wage report must include the social security account number as well as the name of each employee.

Under the original act, when an employee was 65 years of age or older, neither he nor his employer was required to pay a tax on his wages. This has been changed under the recent amendments, and taxes must be paid on the wages of employees past age 65 the same as on those of any other employee. In this connection, it

should be noted that taxes on wages of those past 65 are retroactive to January 1, 1939. Therefore, employers are required to pay taxes on wages paid to such workers at any time during this year. The employees' taxes on such wages must also be paid. The employer is responsible for deducting the one percent employee's tax for past quarters of 1939 from the wages of persons 65 or over and paying it to the Collector of Internal Revenue. The employer is liable for the employee's tax whether or not he collects it from the employee, with one exception: He is not liable if no tax has been collected on wages paid for work done by an employee of 65 prior to August 10, 1939 and if the employer does not have control on or after November 8, 1939 of any remuneration earned at any time by the employee.

Retroactive Taxes Due Oct. 31

These retroactive taxes for the first two quarters of this year are to be included with taxes for the third quarter, due October 31, and will be reported with the regular return form for other taxes due at that time. Detailed instructions for the method of reporting these back taxes will be included with the blank return forms for the quarter ending September 30 when they are mailed to employers by collectors of internal revenue.

One provision of the amended law contains specifications concerning the statement of tax deductions which employers will be required to furnish their employees from the beginning of next year. Formerly the Bureau of Internal Revenue had held that any notation which would permit the employee to check the accuracy of the deduction was sufficient. This notation might even be included on a pay check which would, of course, eventually be returned to the employer. The new requirement is that the statement of tax deduction must be "in a form suitable for retention by the employee." This amendment further requires that: "Each statement shall cover a calendar year, or one, two, three, or four calendar quarters, whether or not within the same calendar year, and shall show the name of the employer, the name of the employee, the period covered by the statement, the total amount of wages paid within such period, and the amount of the tax imposed . . . with respect to such wages. Each statement shall be furnished to the employee not later than the last day of the second calendar month following the period covered by the statement, except that, if the employee leaves the employ of the employer, the final statement shall be furnished on the day on which the last payment of wages is made to the employee. The employer may, at his option, furnish such a statement to any employee at the time of each payment of wages to the employee during any calendar quarter, in lieu of a statement covering such quarter; and, in such case, the statement may show the date of payment of the wages, in lieu of the period covered by the statement."

Revision of Financing Procedures

The old-age reserve account is changed by the amendments to a Federal old-age and survivors insurance trust fund. This fund will be supervised by a Board of Trustees, consisting of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board. The Board of Trustees is required to report to Congress annually, or at any time that the fund becomes unduly small or exceeds three times the highest



a few facts

about the

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Convincing demonstrations of security and service characterize the records of "Royal-Liverpool" Companies in the United States as elsewhere throughout the world. The unquestioned security which they offer to policyholders, and their respective periods of successful operation, are reflected in the following financial statements as of December 31, 1938:

UNITED STATES RESOURCES AS OF DECEMBER 31, 1938

YEAR EST.		ADMITTED ASSETS	LIABILITIES	CAPITAL	SURPLUS TO POLICYHOLDERS ANNUAL STATEMENT BASIS	MARKET VALUES Dec. 31, 1938
1896	AMERICAN & FOREIGN INSURANCE COMPANY.....	\$ 5,894,968	\$ 1,168,721	\$1,500,000	\$ 4,726,247	\$ 4,883,757
1863	THE BRITISH & FOREIGN MARINE INSURANCE CO., LTD.†	2,522,983	650,172	400,000*	1,872,811	2,017,186
1911	CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA..	2,075,231	319,434	1,000,000	1,755,797	1,804,345
1922	EAGLE INDEMNITY COMPANY.....	8,565,696	6,565,696	1,000,000	2,000,000	2,300,263
1908	FEDERAL UNION INSURANCE COMPANY.....	2,873,873	895,875	1,000,000	1,977,998	2,068,555
1911	GLOBE INDEMNITY COMPANY.....	39,050,269	31,550,269	2,500,000	7,500,000	8,672,425
1836	THE LIVERPOOL & LONDON & GLOBE INS. CO. LTD.†	17,803,688	9,931,203	400,000*	7,872,485	8,441,713
1811	THE NEWARK FIRE INSURANCE COMPANY.....	9,862,956	3,339,517	2,000,000	6,523,439	6,834,874
1891	QUEEN INSURANCE COMPANY OF AMERICA.....	22,748,032	9,192,709	5,000,000	13,555,323	14,299,272
1910	ROYAL INDEMNITY COMPANY.....	31,843,601	26,843,601	2,500,000	5,000,000	6,294,455
1845	ROYAL INSURANCE COMPANY, LTD.†.....	21,216,191	10,617,281	400,000*	10,598,910	11,455,571
1924	THE SEABOARD INSURANCE COMPANY.....	1,389,407	309,168	600,000	1,080,239	1,120,066
1896	STAR INSURANCE COMPANY OF AMERICA.....	5,444,550	2,503,570	1,000,000	2,940,980	3,148,610
1860	THAMES & MERSEY MARINE INSURANCE CO., LTD.†....	1,192,190	340,760	200,000*	851,430	993,806

†U. S. Branch *Deposit Capital

Admitted Assets of all Companies include securities deposited as required by law.

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These Companies own and occupy modern fire-resistive buildings located in several cities wherein are housed some 4,000 members of the Companies' staffs. Investment in the United States of over 98% of the invested assets shown above represents a definite and substantial contribution to capital for the promotion of American commerce and industry. A high percentage of these assets, too, is represented by Government securities sufficient to maintain a liquid condition adequate at all times to meet promptly the stress of catastrophe.

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annual expenditure anticipated in the ensuing fiscal five years.

All funds collected from the old-age insurance taxes are to be appropriated to the old-age and survivors insurance trust fund. This fund will earn interest at the current average rate of interest paid on obligations comprising the public debt, instead of at a minimum of 3 percent as formerly provided.

The beginning of monthly benefits in 1940, the increase in benefits during the earlier years under the new benefit schedule, and the payment of supplementary and survivors benefits will prevent the accumulation of as large a reserve as would have occurred under the act as originally passed.

It is expected that these changes will result in an increase in costs for benefits during the early years and a decrease in such costs during later years. However, for the next 40 years the average annual cost is anticipated to be about the same as under the present system.

Changes in Unemployment Insurance Tax

Two changes have been made in the unemployment insurance tax, primarily with a view to simplifying wage reports for employers. This was accomplished by making the basis of this tax more nearly parallel to that of the old-age insurance tax.

The old-age insurance tax has always been based on wages *paid*, whereas the unemployment insurance tax formerly applied to wages *payable*. Under the amended act both taxes are based on wages *paid*. The amendment changing the basis of the unemployment insurance tax is retroactive to January 1, 1939, so that employers' returns under this tax for the year 1939, due January 31, 1940, will be made out on the basis of wages paid.

Again in the interest of uniform reporting, the unemployment insurance tax provisions have been changed, effective January 1, 1940, to limit this tax to the first \$3,000 of annual wage paid by an employer to any one employee. This will also mean a saving to employers of \$65,000,000 a year. This limitation has always existed in the case of old-age insurance taxes.

Employment exclusions under the unemployment insurance tax have also been made substantially parallel with those under the old-age insurance tax.

Provision is made in the new amendments to give relief to those employ-

ers who paid their State unemployment insurance contributions for the years 1936, 1937, or 1938 too late to qualify for credit against the Federal tax. Employers who pay their delinquent taxes for these years on or before October 9, 1939 will receive full credit against their Federal taxes. The provisions for future delinquency have also been somewhat modified. The Commissioner of Internal Revenue is now permitted to grant an extension of 90 days (instead of 60 as formerly) for the filing of Federal tax returns.

Further, an employer who fails to pay his Federal unemployment insurance tax by the due date, January 31, but pays it before July 1 will lose only 10 percent of his credit against this tax instead of the full amount as provided in the original act.

Federal Funds for Health and Welfare Services

The amendments also liberalize the provisions for public assistance, particularly those relating to aid to dependent children. These are children

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in families that have lost their breadwinner. To enable the parent or other responsible relative to care for the child at home, the State pays a cash allowance monthly. Under the old law, the Federal Government paid one-third of this allowance, up to \$18 a month for the first child and \$12 for each other child in the same family. The amendments provide that the Federal contribution after January 1, 1940, shall be one-half of the State payment. In addition, the age limit for the Federal matching of payments to dependent children is raised from 16 to 18 years provided the child is regularly attending school.

More Federal money has also been made available for grants to the States for aid to the needy aged and the needy blind. Under the original law, the Federal Government paid one-half of State assistance allowances up to a combined Federal-State total of \$30 a month. Beginning January 1, 1940, the Federal Government will match State payments up to a total of \$40 a month.

The other programs authorized in the original Social Security Act provide for Federal grants to the States

for public-health and child-welfare services. A material increase in Federal funds for these services is provided by the amendments.

As a method of insuring more efficient administration of the nine Federal-State cooperative programs, the amended law requires that beginning in 1940 State administrative agencies must establish and maintain personnel standards on a merit basis.

Another Step Forward

The recent amendments to the act are not, of course, the last word in social security. They represent a sound move toward the goal of basic security for the greatest possible number. They are the result of practical experience gained and intensive studies made during the four years since the original law was passed. A system which constitutes so fundamental a part of our national economy must grow and develop as the needs and methods of meeting them become apparent. In developing a social security program, the relation between two important factors must be kept in mind. First, the adequacy and equity of benefits and aid for the individual;

and second, the cost of the program and its effect on the national economy. In the recent amendments greater protection is provided for more people and at the same time a better distribution of costs has been effected. The new social security program is, as President Roosevelt said when he signed the amendments, "another tremendous step forward in providing greater security for the people of this country."

New Rates Named for Catalogs

CF An announcement from Washington made early in July tells of a new rate on mailing catalogs and similar printed advertising matter which is now made under the parcel post rates. The new postal order wipes out the requirement for mailing catalogs weighing more than 8 ounces. The new rates just became effective July 1st, are covered in Section 571½, and provide for pound rates for the 9 zones. The rate per pound for such printed matter is the local, 1st and 2nd zones at 4¢ per pound running up to 10¢ per pound for the 8th zone. Each



Announcement

The companies now bearing the group name Federated Hardware Mutuals were formerly members of the Federal Hardware & Implement Mutuals.

Our association with the Hardware Mutual Casualty Company makes it possible for the representatives of Federated Hardware Mutuals to offer you complete protection on your Business Property—your Dwelling and Contents—your Personal Property—your Automobile.

These three large companies founded by business men on the principle of careful selection of risks and economy of operation provide property owners and their creditors with the utmost in protection and safety. The current dividend saving to policyholders ranges from 20 to 40%, depending on the type of property insured. Non-assessable policies.

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Associate Company

HARDWARE MUTUAL CASUALTY COMPANY, STEVENS POINT, WIS.

NEWS ABOUT CREDIT MATTERS

A section devoted to local
Credit Association affairs

October, 1939

Copy deadline
15th of month

F. P. D. committee honors Severance at N. Y. luncheon

New York—The Prosecution Committee of the New York C. M. A. held a luncheon meeting recently at which it honored Asst. District Attorney Frank Severance, who was recently named head of the Commercial Fraud Division of District Attorney Thomas E. Dewey's office.

Speaking informally, Severance said that the information supplied to the District Attorney's office in many commercial frauds prosecutions had been invaluable in the past and emphasized the necessity of two factors in prosecuting false financial statements falling in the "racketeering brackets"; first, dependable statements from reputable grantors of credit, and second, evidence that the credit grantor depended on that statement in extending the credit to the issuer of the false statement.

He thanked the Committee for its presentation of cases, which, he said, had been handled factually with unusual accuracy.

William G. Betsch, of Wm. Iselin & Co., Chairman of the Committee, congratulated the Fraud Prevention Department of the N. A. C. M. headed by Charles J. Scully for its work in the past year. He presented the annual report of the Committee and announced that Clarence L. Riegel, of the General Electric Co., President of the Association, had reappointed the entire Committee which had served for the past year to continue its efforts.

F.C.I.B. parley discusses war and U. S. export trade

New York—The September Round Table Conference on Foreign Credit, Collection and Exchange problems, sponsored by the Foreign Credit Interchange Bureau of the N. A. C. M. was an outstanding session. Under the Chairmanship of P. M. Haight, past N. A. C. M. President and Treasurer, International General Electric Co., the program covered a wide variety of questions on foreign trade and the discussions centered largely around the host of problems created by the present conflict in Europe, and the anticipated increase of trade between Latin America and the United States. Exporters in New York and vicinity are urged to attend these monthly conferences, while out-of-town members are invited to participate by sending questions to the Bureau and reading the complete minutes of each forum-meeting which are available at \$1.00 per copy.

1940 plans for local associations are made at Eastern Presidents' meeting

New York—Following the custom of the past several years, the annual Conference of Presidents of local Associations in the Eastern Division was held here in the Hotel Vanderbilt under the chairmanship of Eastern Vice Pres. John L. Redmond of New York, on September 8. Full discussion of local and national aspects of Association services and activities filled the day's program.

Business' role is Buffalo parley's theme

Buffalo—With its theme "The Responsibility of Business," the 25th annual Tri-State Conference of District Two will be held at the Hotel Statler on Oct. 20-21 with the Credit Assn. of Western N. Y. acting as host. F. H. Worth of Buffalo is General Chairman.

Nationally prominent speakers will be featured with a presentation of political, financial and business viewpoints as to the role of business in present economic and social situations.

A get-acquainted session will open the Conference on Thursday afternoon and the program will close on Saturday with a trip to Niagara Falls. Preceding the Conference there will be the regular business meeting of local Association councilors, secretaries, presidents and membership chairmen of District No. 2.

Green Bay is "C" men's host

The Northern Wisconsin-Michigan A. C. M. was host on Sept. 16 to the 24th annual conference of credit executives from the eastern states. The week-end was completed with attendance at the Green Bay Packer-Chicago Cardinal football game on Sunday.

Among the program highlights were the appearance of National President Chas. A. Wells of St. Joseph, Mo.; National Executive Manager, Henry H. Heimann, who discussed "War Hurts Business"; Roger Sherman Hoar of Milwaukee whose subject was "Not a Sale Until You Collect"; Hon. Henry H. Graass of Green Bay who discussed "Why Men Fail"; Pres. H. N. Tolles of The Sheldon School in Chicago and Mark Catlin, Jr., Wisconsin Assemblyman, who spoke on "Labor Legislation and its effect on Credit."

Welch discusses credits

Knoxville—Harvey L. Welch, Vice Pres. and Credit Manager, First National Bank, St. Louis, recently addressed the Tennessee Bankers' Conference here on "Credit Practices." Mr. Welch is a former national director of the N. A. C. M. and past President of the St. Louis A. C. M.

Local Association representatives present included: H. T. McGowan, Albany; Norman C. Brooks, Bridgeport; Irwin H. Raunick, Buffalo; E. S. Lancaster, Hartford; C. L. Reigel, New York; R. D. Withington, Philadelphia; F. Deane Hayes, Pittsburgh; Henry Wendt, Richmond; E. J. Connor, Rochester; John J. Gilligan, Springfield; Humphrey Lloyd, Washington; Frank T. Driscoll, Waterbury; W. M. Mill, Worcester.

Also in attendance were National Director, Robert L. Griffiths, representing the Utica Association; past National Director, Earl R. Mellen, representing Newark, as well as Secretaries W. W. Orr of New York and S. J. Schneider of Louisville, both of whom attended portions of the afternoon session.

Cincinnati stages District Conference

Cincinnati—The annual District Conference of Credit Associations in the Ohio, West Virginia and Western Pennsylvania area is slated for Oct. 13-14 here in the Hotel Gibson under the general Chairmanship of Paul E. Mertz, Cincinnati.

Besides a program of speakers on credit and business subjects, there will be a luncheon on Friday and Saturday and a dinner-dance on Friday night.

New England "C" men to meet at Worcester

Worcester—The annual New England Credit Conference, under the sponsorship this year of the Worcester County Association of Credit Men, will be held here in the Hotel Bancroft, October 24-25. The traditional "Night Before" entertainment and social session on Tuesday will precede the business sessions on Wednesday, which will be concluded with the banquet address by Henry H. Heimann, Exec. Mgr., N.A.C.M., whose subject will be "War and Credit." A full list of important subjects to be discussed by qualified speakers is now being developed by Program Chairman William Bishop of Worcester. Paul Fielden, The Norton Company, past Pres. of the N.A.C.M., is General Chairman of the New England Credit Conference.

Association Activities

Spokane:

C. O. Bergan has succeeded J. D. Meikle as Secy.-Treas. of the Spokane Merchants' Assn., the local affiliate of the N. A. C. M. W. L. Ignatius, formerly with the Northern Montana A. C. M., is the new Manager of the local Collection and Adjustment Department. F. A. Stolz, Asst. Secy. for many years, resigned as of Aug. 1 and is now engaged in private business.

Mr. Meikle had served 35 years with the Spokane Merchants Assn. after several years as active credit manager for a large western wholesale firm. For 19 years he had been Secretary of the local organization. Born in Scotland in 1869, he migrated to Canada at 15 and came to the United States at 21.

"Jim" says that one of the most important things he was interested in as a boy was securing enough to eat, and for that reason he says his scholastic training may have been neglected. But to those who know "Jim" intimately it is realized that through his entire life he has acquired an education that would be envied by many men. A personality that shines like a dollar, a ready wit, a philosophy of life that is inspiring, coupled with excellent managerial ability and being a keen student of human relationships, are just a few of the attributes of "Jim."

Rounding out 35 years of Association work, and because ill health does not permit Mr. Meikle to be as active as in former years, the Board of Directors of the Assn. considerably voted his retirement effective July 1, 1939. All of "Jim's" friends wish him a full measure of health and happiness and extend to him a cordial invitation to participate in conferences or conventions whenever he may be in the vicinity in which they are being held.

Boston:

Hon. William E. Kane, Mayor of Woburn, Mass., will speak on "Rehabilitating a Bankrupt City" at the dinner meeting on Oct. 10 before the Boston C. M. A. Mayor Kane has made an exceptionally fine record in his city in rebuilding its financial position and reducing the tax rate.

Lexington:

Frank J. Korb, Jr., is the new Manager of the Lexington C. M. A., which is affiliated with the Louisville C. M. A. Mr. Korb replaces J. F. Eads. He has been Credit Manager of Plumbers Supply Co. for several years and for some time prior to that was affiliated with the N. A. C. M.

Billings:

A summary of all the estates closed by this Association in the 13 years between January 1926 and December 1938, which was recently released by M. J. Davies, Mgr., Montana-Wyoming A. C. M., reveals that, not including bankruptcies or mere representations of claims, the Association closed 133 cases in which the Association acted as Trustee.

General claims filed in those 133 cases totaled \$755,879, on which the Association paid dividends totaling \$348,884, or a recovery of 46.1 per cent. In making this report, Mr. Davies said that the number included "no asset" cases, as well as those in which the recovery was very small.

A further examination of the figures disclosed the fact that of the 133 cases closed, 48 of that number returned 50 per cent or better to the creditors; 27 with a return of 75 per cent or better, and the following: 16 cases paid out 100 per cent or a total to the creditors of \$107,373. In other words, one in eight cases were paid in full.

Dallas:

Chairmen of local committees for the current association year were recently announced by Manager Paul A. Kerin. They include the following: Adjustment Bureau, H. V. Bell, Westinghouse Elec. Co.; Collection Division, J. P. Brashear, Huey-Philip Hardware Co.; Credit Education, L. H. Wilkinson, Wilkinson Bros.; Credit Group, Gaston Hallam, Ben E. Keith Co.; Publicity and Public Relation, E. P. Green, Peat, Marwick, Mitchell & Co.; Credit Interchange, F. J. Hogg, Butler Bros.; Legislative, H. T. Biar, The Schoellkopf Co.; Membership, F. H. Kidd, Graham-Brown Shoe Co.; Meetings and Entertainment, George Flinn, Dun & Bradstreet, Inc.

Newark:

Activity in various association fields began in September with the Educational Classes off to an early start, plans for a series of credit forum meetings completed, and the beginning of bowling activity for both credit men and credit women at the latter part of the month.

The first dinner meeting of the season was held at the Hotel Douglas on Sept. 28 with Frank W. Lovejoy, Sales Executive, Socony Vacuum Oil Co., speaking on "Modern Merchandising." On Sept. 19 the local Board of Trustees held their meeting at the Forest Hill Field Club. Secretary Whitney addressed the annual convention of the New Jersey Underwriters Assn. in Asbury Park, Sept. 8, at the Berkeley Carteret Hotel.

San Francisco:

The local Association has developed a series of eight different 4-page brochures which outline the various important functions provided for the membership by the Credit Managers Assn. of Northern and Central Calif., which has affiliated offices in Sacramento and Fresno. The series of brochures covers the following subjects:

Legislation, Credit Interchange, Industrial Credit Groups, Collection Bureaus, Education, Washington Service, Construction Industries Credit Bureau, Publications. The series of eight will be sent to prospective members, one each month for eight months,



together with a letter from different members of the Association. The first brochure, sent with a letter by Association President E. M. Shapiro, California Packing Corp., covered the legislative activities, past and present, of both the local and the national associations.

Pittsburgh:

An 8-team bowling league has been organized and real competition is expected since the basis for team organization was the averages scored last year. This is expected to make a tight race for the championship.

Omaha:

Twelve teams were ready for the opening of the Omaha A. C. M. bowling league on Sept. 11 and a successful inauguration of the season was reported.

Cincinnati:

Through the efforts of B. J. Lazar, Vice Chairman of the Program Committee, the local association, at its Sept. 21 meeting, heard H. D. Harris of the Federal Bureau of Investigation discuss his experiences as a G-Man in connection with commercial fraud.

Louisville:

The Louisville C. M. A. held its annual Frolic at the Mammoth Cave National Park on Sept. 16. Various activities of a sporting and social nature featured the week-end, including a tour of the sights in Mammoth Cave.

Memphis:

The ninth annual Golf Tournament of the Memphis A. C. M. was held at Gallopway Park on July 23 and past Pres. J. E. Ruffin took the honors for the second time since he originated the golf tournament. Permanent possession of the cup goes to the individual winning it three times. Mr. Ruffin, who is Chairman of the Golf Committee, is now looking forward to the 1940 tournament.

Grand Rapids:

Frank Seidman, Senior Member of Seidman and Seidman, C. P. A., was the speaker at the first fall meeting of the Grand Rapids A. C. M., discussing the new Michigan intangible property tax and its possible effects on business. He pointed out that "it is possible under this new law no tax of any kind will be payable on intangibles for 1939 and it may be possible to secure exemption on certain types of securities if action is taken in time."

Obituary

Frank Corr

New York—The sudden death on September 12 of Frank Corr, 57, Secretary-Treasurer, Uptown Credit Group and affiliate of the National Federation of Textiles, shocked his many friends. Mr. Corr recently assumed the duties of Treasurer of the Group of which he had previously been Secretary. As Secretary-Treasurer he had cooperated to the fullest extent with the Fraud Prevention Department of the N. A. C. M.

August Hickethier

Chicago—August Hickethier, President, Hick & Co., and active member of the Chicago A. C. M. for many years, died at his home here on Aug. 29. Many of the officials and members of the Chicago Assn. paid their last respects.

William Werner

William Werner, 64, Asst. Treas. and Credit Manager of Dumari Textile Co., Inc., N. Y., died July 19 at his home in Rockaway Park, after a long illness. He was buried in Lutheran Cemetery. Mr. Werner is survived by his wife and two sons. As credit manager, he had been the representative of his company in the New York Credit Men's Assn.

Allen Kirkpatrick, Jr.

Pittsburgh—His many friends mourned the passing of Allen Kirkpatrick, Jr., Pres., Allen Kirkpatrick Co., on July 15. Mr. Kirkpatrick's firm has been identified with Association activities in this area for many years and he was well known, both in this territory and in his field of business.

Promotions

San Francisco—H. D. Byers is now Credit Manager, Westinghouse Electric and Manufacturing Co., located in Burlingame. Formerly with Westinghouse Electric Co., Pittsburgh, Pa., he succeeds R. H. Hartman, who resigned to enter business for himself in San Jose, Calif.

New York—Albert H. Bulwinkle was recently elected Secretary of L. Bachmann & Co. He had been in charge of credits for this firm for nearly a score of years and is recognized as one of the outstanding credit men in the industry.

Chicago—Oscar Iber, Director, Chicago A. C. M., and Chairman, Membership Promotion Committee, is the new President of the Chicago Mill Supplies Association.

Boston—Miss Mary E. Curran of Jones, McDuffee & Stratton has recently been elected Treasurer of her firm.

Buffalo—Willard H. Williams, Francis H. Leggett and Co., has been named Coun-

cillor of the local Credit Association, succeeding Wm. A. Foote, according to an announcement by President Irwin Raunick.

Chicago—Edward L. Lloyd, Vice President, A. C. Nielsen Company, was recently appointed director of that firm's affiliated company in Great Britain and will be located in London. He attended several N. A. C. M. Credit Congresses as the representative of the U. S. Department of Commerce for which he handled the N. A. C. M. cooperative, monthly survey of manufacturers' and wholesalers' sales, collections and inventories.

Salt Lake City—The 1939 Community Chest campaign for social welfare supporting funds in this city will be headed by F. S. Walden, Vice President and Secretary, Strevell-Paterson Hardware Co. Mr. Walden is well known as a past Vice President of the N. A. C. M. and past President of the local Inter-Mountain A. C. M.

Position wanted:

Credit manager or creditman, 28 years' experience with old established manufacturer, having had complete charge of Credits and Collections during that period, checking Department Stores, Men's Furnishing and Haberdashery Trade in the United States. Firm liquidated its manufacturing business so am obliged to make another connection. Can furnish many references as to character and ability. Address Box 101, Credit and Financial Management, One Park Ave., New York.

Credit manager, 32, 10 years' experience in credit work, merchandising, and selling. Now employed as credit manager and salesman for retail jewelry store. Desires position having opportunity for advancement. Excellent references. Mid-West preferred. Address Box 102, Credit and Financial Management, One Park Ave., New York.

Credit and Collection Man—26, Anglo-Saxon, having good personality, desires position. Accounting & Finance graduate and engineering education. Nine years Credit, Collection and Accounting experience with Electrical Manufacturing Company in Philadelphia, New York and New England branches. Knowledge of Appraisal Valuations. Address Box 103, Credit and Financial Management, One Park Ave., New York.

Credit Man or Assistant—especially fitted to fill position with company doing business with department stores, and men's and women's apparel shops. Sales-minded. Have a thorough understanding of retail operations and capital set-up from a mercantile credit point of view. Associate of the National Institute of Credit. Age 39, married, can locate anywhere. Opportunities for advancement of major importance. Address E. E. Spohrle, 2616 Swift Street, Cincinnati, O.

Ohio attorney, 33 years of age, credit and collection experience in automobile discount company, now employed public and labor relations work, desires change to East to legal, credit or collection work leading to legal position. Excellent references. Nominal salary with right firm better than gold in a rut. Address Box 104, Credit and Financial Management, One Park Ave., New York.

Credit career

M. W. West:

A man of many and varied interests and activities is M. W. West, Credit Manager of Amarillo Division of the Southwestern Drug Corp., who is Chairman of the Board of Governors of the recently organized Amarillo unit of the Tri-State Association of Credit Men.

Mr. West's business training began as a lad of seventeen when he worked in the oil fields of California. Here he was able to accumulate sufficient funds to later attend the University of Texas. After graduation from the University Mr. West re-entered the oil industry in the capacity of a laboratory man.



When the United States entered the World War Mr.

West was in California, but came back to Texas to become an instructor in the aviation service which position he filled for the duration of the war. Later Mr. West entered the retail drug business near Winters, Texas, and then moved to Amarillo where he engaged in the construction business. At one time he owned several retail drug stores in the City of Amarillo.

In the fall of 1926 Mr. West with several others entered into the formation of what was to be known as the Ainsworth Drug Co., a wholesale drug outlet. The company opened its doors for business on January 1, 1927. In this new organization Mr. West became the Secretary and Treasurer in which office he served as well as having control of credits.

In 1929 was formed the present organization known as the Southwestern Drug Corp., a wholesale drug house doing business through five houses at Amarillo, Ft. Worth, Dallas, Waco and Houston. Out of this consolidation Mr. West emerged as Credit Manager for the Amarillo Division. It is in this capacity that our subject has served from 1929 till the present.

In his work, he has come to know intimately the druggists of the "Panhandle" of Texas and eastern New Mexico and to be familiar with their businesses and the problems they face. Mr. West's work has not been purely the business of allowing credit and attending to the collection of debts, but in many instances his energy has been directed toward counsel to customers of his company and to the preservation and up-building of their businesses.

Like so many busy men Mr. West has found time to devote his attention to worthwhile community endeavors such as the Boy Scouts, where he serves as a member of the board, and the Rotary Club. Mr. West is married and has two boys, one attending Texas A. & M. College and one eleven years old.

OUR DISTAFF SIDE

Seattle:

Sixteen members of the Seattle Credit Women's Club greeted one of the founders of the national organization, Mrs. Wm. H. Pouch of New York, at a breakfast on Saturday, Aug. 5, in the Women's University Club. Miss Jean Robertson, President of the Club, presided at the breakfast, which was in the charge of Miss Lee Lasky, Miss Betty Hess and Mrs. Norman Wylde.

Mr. and Mrs. Pouch were en route home from an extended trip to the South Seas and Australia. Mrs. Pouch had visited Seattle several times while holding office in the National Society of the Daughters of the American Revolution.

Cleveland:

The first fall meeting of the Cleveland Credit Women's Club was held on Sept. 12 and was in the form of a miniature convention. Reports of the Grand Rapids Credit Congress were made and all those attending registered and received badges similar to the ones in evidence at Grand Rapids. Four of the members made the reports, each one being responsible for one day's activities. The occasion was voted by all present as being a successful novelty.

Fresno:

Mrs. Nita Springston, Better Buy Wholesale Grocers of Fresno, has been elected President of the Credit Women's Club of the Fresno Chapter, Credit Managers' Assn., for the ensuing year. She has been particularly active in the organization in other capacities, and is thoroughly capable of carrying on the work of the Club. Serving with her as officers are Thelma Logan, Credit Managers' Assn.; Autry Jones, Valley Electrical Supply Co., and Margaret Driscoll, Fassett Paper Co. Mrs. Springston succeeds Mrs. Irene Hollister, who was the delegate of the Fresno Credit Women at the Credit Congress in Grand Rapids.

Pittsburgh:

The September dinner meeting of the Pittsburgh Credit Women's Club combined an address by Dr. O. E. Jennings on "Wild Flowers," with a program of musical entertainment by Misses Anne and Mary Lewis accompanied by Miss Rosalie Chell. The local group will attend the lecture at the Buhl Planetarium on Nov. 13.

San Francisco:

At the monthly meeting of the Credit Women's Club held on Sept. 13, the guest speaker was Carl W. Hughes, former Supervisor, Fraud Prevention Dept., N. A. C. M., and at present Special Agent in charge of Investigations Dept., P. W. A. in this city. He spoke on: "Activities of the P. W. A. and Benefits to the Nation Through Those Activities,"—a timely subject and of particular interest to everyone present.

There was a general discussion of Educational activities and the National Institute of Credit, in preparation for the fall

classes to be held under the auspices of the Credit Managers Assn. of Northern and Central Calif. This meeting was called "Bosses Night" and it proved to be very successful, with 100 per cent attendance.

New York:

In announcing in our August issue that Miss Marian R. McSherry had won the annual Helen R. Pouch scholarship contest, it was incorrectly stated that Mrs. Pouch is the donor of the scholarship. Actually it is sponsored by the New York Credit Women's Group which stands the expense of the scholarship each year. It is named after Mrs. Pouch, wife of past national President Wm. H. Pouch, because of her interest and activity in promoting the organization of the Credit Women's movement.



The Women's Credit Group is under the leadership this year of an entirely new slate of officers, headed by Mrs. Pearl Rose Knoll, of Andrew Jergens Co., who has

just announced the following committee appointments: *Membership:* Chairman, Olga Edelstein, Little Margorie Coat Co.; Nell Stinson, American Safety Razor Co.; J. Dorf, Oneida Paper Products. *Program:* Chairman, Syd Paris, Lipman & Schlifman; Anna Clayman, Rentner-Leonard; Marie V. Dursee, Stern & Stern Textile Imp. *Entertainment:* Chairman, Betty Reich, Wall St. Clothes; Anna Lichtman, Marks Bros.; Margaret M. Benson, J. P. Stevens & Co. *Publicity:* Chairman, Frances Wasservogel, Keystone Photo-Engraving Corp.; Dorothy N. Olmsted, Mitchell Bros.; Gloria Siebrecht, Conti Products Corp. *Hostess:* Chairman, Julia McCauley, Wm. Iselin & Co.; I. F. Hill, Harriet Hubbard Ayer; Doris Ritch, A. C. Horn Co.

The first meeting of the year was held on Oct. 5, at Longchamps Restaurant, at which time Clarence L. Riegel, General Electric Co., and President, N. Y. C. M. A., addressed the Group. Plans were formulated for the ensuing months.

InfoNIC

Atlanta—The educational program for the fall semester has been expanded to include three courses: Business English, Marketing and Public Speaking. The program has been publicized by a novel, attractive pamphlet.

Buffalo—Irwin H. Raunick, Pres., Credit Assn. of Western N. Y., reports that there will be at least a 100 per cent increase in Chapter membership this year.

Chicago—The first forum meeting is to be held on Oct. 11, at which time a number of Associate and Fellow awards will be presented to those who participated in the special senior courses offered during the past year.

Detroit—The first open forum meeting was held on Sept. 12. H. D. Palmer, Assn.

Pres., was presiding officer. H. L. Newnan was quiz-master, covering the subject of "Insurance in its Relation to Credit Management."

Fort Worth—A Chapter of the Institute has been established with a program of courses offered in cooperation with Texas Christian U. A special course in Credit Law has been set up as the main attraction and they plan to use the "Credit Manual of Commercial Laws" as a text book.

Meadville—This phenomenal Chapter has brought about the establishment of evening courses by Allegheny U. in cooperation with the local Chapter.

Newark—The Chapter will present five credit forum meetings during the coming year on the following practical subjects: Oct. 23, "Creditor Participation Under the New Bankruptcy Act"; Dec. 18, "The Cost of Operating a Credit Dept."; Jan. 22, "How to Measure Credit Dept. Efficiency"; Mar. 25, "Finger Tip Control of Accounts Receivable and Collection Follow-up"; and Apr. 25, "Checking Financial Position of Customers."

New York—The Chapter inaugurated its 21st year with a special rally meeting on Sept. 11 at the Hotel Pennsylvania. About 400 crowded into the "Madhattan Room" participating in a very successful social meeting.

Pittsburgh—F. C. Young, Chairman, Educational Comm., and Lowell M. Jones, Chapter Pres., report an excellent response to their very attractive publicity folder on credit education. Prospects for enrollment in the Chapter indicate much larger membership for the coming year.

Portland—Although the local Chapter is newly organized this year, a complete program of courses covering the Associate award requirements is being offered in cooperation with the University of Oregon Extension Division.

Rochester—The annual outing of the Chapter at the Canandaigua Yacht Club proved so successful that it was decided to make this an annual affair. E. J. Connor, Defender Photo Supply Co., reports that the Chapter has set a quota of 250 for its membership this year.

San Francisco—J. H. Early, Truscon Steel Co., and Chairman, Educational Comm., reports that his committee has been very active in publicizing the educational program of this Chapter. There is every prospect of greatly increased participation in the educational program.

Sioux Falls—A new Chapter has been established under the direction of Harold Eggers, Chairman, Educational Comm. L. Motz, National Director, has been particularly active in fostering the educational program.

Syracuse—H. Myal Roberts, Chairman, Educational Comm., reports prospects for excellent registration in three Chapter courses: Accounting, Public Speaking, and Business Finance.

Utica—The Credit Women's Group has established a scholarship in this Chapter in memory of William C. Wright, who was active for many years in association work, locally and nationally. The scholarship will be awarded on the basis of competitive examinations.

NATIONAL ASSOCIATION OF CREDIT MEN

MEMBERS' BULLETIN

Development Program: use and accomplishments

by HENRY H. HEIMANN,
Executive Manager, N. A. C. M.

■ It is a pleasure to submit herewith a detailed statement of both the finances and accomplishments of the Development Program Fund. The figures as to finances are self-explanatory. I believe you will agree that the listed accomplishments, made possible through the use of the Fund, have fully justified its establishment.

Aside from the thanks due to all our members for their loyal cooperation, both in the raising of the Fund and the personal contributions made by way of services on committees or otherwise, I want particularly to thank the members of the National Board of Directors and the members of the General Development Program Committee for their most valuable guidance.

As of May 1 the cash on hand, subscriptions receivable and additional pledges that will be converted into receivables total approximately \$73,111.98. It should be understood, of course, that there are three or four major markets that have not been participating in the program. At the present time Chicago is undertaking the program and it is hoped other units will soon join.

It should also be emphasized that the total fund raised was less than half which was stated as being necessary if the full program was to be put into effect. Nevertheless, we have managed to carry on the major part of our original program reasonably well and if we can judge by the opinion of subscribers, as reflected in the letters we have received, the fulfillment of our pledges has been satisfactory.

Amount of subscriptions received by cities, Eastern Division, 4/30/39

Baltimore, Md.	\$ 4,491.67
Boston, Mass.	3,456.25
Binghamton, N. Y.	625.00
Hartford, Conn.	240.00
New York, N. Y.	63,055.00
Newark, N. J.	1,300.00
Norfolk, Va.	215.00
Philadelphia, Penna.	1,445.00
Pittsburgh, Penna.	5,598.50
Roanoke, Va.	300.00
Rochester, N. Y.	8,420.00
Richmond, Va.	3,020.00
Syracuse, N. Y.	3,645.00
Tampa, Fla.	419.00
Worcester, Mass.	1,690.00
Miscellaneous allocations, etc.	1,725.00

\$99,645.42

Association's tax views solicited

The N.A.C.M. has been invited by Under-Secretary of the Treasury John W. Hanes to submit its views with regard to our national tax system before Nov. 1. These views will be considered by a special group of tax experts in the Treasury Dept., who will advise a subcommittee of the House Ways and Means Committee which, under an authorization by Congress, will study certain aspects of the tax problem after Nov. 1.

Under-Secretary Hanes has been advised of the Association's willingness to cooperate with the government in this matter. He was told that the tax survey on which the Association has been working for several months, has placed the Association in a position to be of particular assistance in that connection. At some time to be arranged—probably around the middle of October—representatives of the Association will confer with the Treasury Department concerning this matter. The Association's views on certain tax matters will also subsequently be sent to Congress.

It is evident, however, that budgets must surely be reduced in the remaining two years. This year it is proposed to expend \$50,000 and the expenditure next year will depend upon the subscriptions received in markets that are undertaking the work at this time.

As to the continuation of the services inaugurated through this Development Program Fund, it is obvious that their continuation will require additional underwriting. It is not proposed, however, to raise another fund. The decision as to whether these services are desired rests with the members. This problem will be discussed and detailed later in the year. It is hoped and believed a satisfactory solution can be found so that the well-worthwhile services undertaken by the Development Program Fund may become a definite part of our program.

Amount of subscriptions received by cities, Central Division, 4/30/39

Chicago, Ill.	\$ 3,592.50
Cincinnati, Ohio	6,682.00
Cleveland, Ohio	12,262.50
Chattanooga, Tenn.	2,142.50
Columbus, Ohio	770.00
Dayton, Ohio	530.00
Detroit, Mich.	12,020.00
Green Bay, Wisc.	735.00
Grand Rapids, Mich.	4,000.00
Kalamazoo, Mich.	730.00
Knoxville, Tenn.	825.00
Lincoln, Nebr.	1,615.00
Lansing, Mich.	600.00
Milwaukee, Wisc.	7,615.00
Minneapolis, Minn.	8,137.50
New Orleans, La.	4,270.00
Omaha, Nebr.	2,307.50
Sioux City, Iowa	420.00
South Bend, Ind.	1,350.00
Sioux Falls, S. D.	576.00
St. Joseph, Mo.	600.00
Shreveport, La.	290.00
Miscellaneous allocations, etc.	1,965.00

\$74,035.50

Summary of Expenditures, April 30, 1939

	4/30/37	4/30/38	4/30/39	Total	Percentage	Ratio Tangible	Ratio Intangible
Interchange, Group and Business Service	640.60	14,136.93	19,021.37	33,798.90	21.5	21.5	
Adjustments and Collections	2,500.00	7,062.34	4,217.33	13,779.67	8.7	8.7	
Education		5,729.35	9,372.87	15,102.22	9.7		9.7
Legislation		10,853.50	11,450.64	22,304.14	14.2		14.2
Sales and Promotion		28,188.91	32,617.04	60,805.95	38.7	19.8	18.9
Washington Service Bureau		3,000.00	3,000.00	6,000.00	3.8		3.8
General and Miscellaneous		3,257.68	2,044.68	5,302.36	3.4		3.4
	3,140.60	72,228.71	81,723.93	157,093.24	100.0	50.0	50.0
Promotion expense in connection with raising the entire fund	14,990.80	10,913.63	948.35	26,852.78			
	18,131.40	83,142.34	82,672.28	183,946.02			

Amount of subscriptions received by cities, Wstn. Div., 4/30/39

Bellingham, Wash.	\$ 150.00
El Paso, Texas	930.00
Portland, Ore.	5,184.50
Pueblo, Colo.	97.50
Phoenix, Ariz.	500.00
Salt Lake City, Utah	3,090.00
Seattle, Wash.	7,938.83
San Francisco, Cal.	13,002.50
Los Angeles, Cal.	6,666.25
San Diego, Cal.	522.50
Miscellaneous allocations, etc.	795.00
	\$38,877.08

Amount of Subscriptions Received, Summary, April 30, 1939

Eastern Division	99,645.42
Central Division	74,035.50
Western Division	38,877.08
	212,558.00*
Miscellaneous—unallocated	32,500.00
	245,058.00**

* Included in above are miscellaneous allocated subscriptions amounting to \$4,485.00.

** Not included are some \$15,000.00 of conditional pledges on which there is a reasonable expectancy of not less than \$12,000.00.

Promotion Expense, 4/30/39

	1937	1938	1939	Total
Salaries	6,785.11	7,421.64	.....	14,206.75
Traveling	5,082.35	1,631.85	118.86	6,833.06
Tel. and Tel.	19.35	13.41	.....	32.76
Stry. and Sply.	2,132.42	277.12	13.00	2,422.54
Postage	329.91	186.10	3.05	519.06
Insurance .....	.....	13.08	.....	13.08
Local Assn. Exp. ...	578.67	1,165.85	812.52	2,557.04
Taxes .....	.....	195.63	.....	195.63
Miscellaneous	62.99	8.95	.92	72.86
	14,990.80	10,913.63	948.35	26,852.78

Departmental Summaries

I Legislation:

The Association's legislative work naturally divides itself as to national and state legislation. In each of these there are two types of legislative activity. First, there is the constructive new legislative program. Second, and equally important, is the matter of marshalling facts in opposition to unsound proposed legislation. It should be borne in mind that in our national legislative work the local affiliated units have not only cooperated splendidly but, in matters of state legislation, have assumed the direction and control of this activity. The national office in these instances has acted as a coordinating unit.

The increased legislative work, largely made possible through the use of the Development Program Fund, has been so extensive that we cannot detail all of our activities in the short space allocated. A full and complete legislative report of the activities in detail is available to any member upon request from our Washington Bureau. Here, however, is a summary which indicates the nature of our legislative work:

1. Passage of the Chandler Act, the first complete revision of our national bankruptcy law since it was first enacted in 1898.
2. Promoting the distribution of a complete text on the Chandler Act, (which was prepared by the Publications Department and of which 1,400 copies were made available to public officials, with copies sold to our members at cost) and stimulating local educational meetings for study of the Chandler Act.
3. Inauguration of a nation-wide two-bond law program to protect material men on state projects. Enactment of this law in certain states in the union and a continuing program for enactment in other states.
4. Revival of the campaign for par clearance of checks. Compromise agreements effected with several state bankers' associations calling for reduction and standardization of charges and eventual clearance system when interest rates return to normal.
5. Campaign to improve state trust receipts laws by removing features detrimental to credit.
6. Assistance in the revision of the general orders in bankruptcy.
7. Exhaustive study and conferences with interested parties relative to assignment of accounts receivable practices. These studies and conferences are continuing.
8. Personal appearances before taxation committees in Washington, including memorial to Congress on taxes and direct testimony before Senate Taxation Committee.
9. Preparation and distribution of the National Tax Survey. The factual information contained herein will be used as supporting evidence for our tax revision recommendations.
10. Participation in efforts to amend Social Security Act.
11. General strengthening of Association's legislative activities; publication of Legislative Handbook and Legislative Manual.

Defensive Legislative Record.

1. Effective opposition to numerous proposed bankruptcy amendments in Congress, including bill to create federal bureaucratic bankruptcy control.
2. Successful opposition to numerous state bills which, if enacted, would have restricted certain of the Association's activities. (See Adjustment Bureau account.)
3. Successful opposition to unsatisfactory trust receipts bills which were introduced in certain states.
4. Continuing work in numerous states against other unsound legislation.

A partial list of state legislation is herewith itemized:

1. Amendment of chattel mortgage law in New Jersey.
2. Amendment of landlord lien law in West Virginia.
3. Enactment of law to protect material men in New York.

4. Amendment of state sales and use tax laws in Alabama.
5. Enactment of uniform partnership act in Oregon.
6. Amendment of personal property tax and garnishment laws in Tennessee.
7. Amendment to provide for better tax publicity in Utah.
8. Bill giving creditors right to demand reports on probated estates passed in Washington.
9. Amendment of bulk sales law passed in Washington.
10. Active efforts to amend bulk sales law in Minnesota.
11. Active efforts to secure two-bond law in Michigan, Missouri and other states.
12. Legislative efforts on taxation, mechanic's lien law, bulk sales law, landlord's lien law, bad check law, state exemption law, chattel mortgage law and trust receipts law in numerous other states.

Legislation, April 30, 1939

	1937	1938	1939	Total
Salaries		5,473.37	7,080.00	12,553.37
Traveling		1,524.35	933.77	2,458.12
Rent, Light, etc.		375.00	671.25	1,046.25
Tel. and Tel.		359.20	332.00	691.20
Stry. and Sply.		741.29	350.54	1,091.83
Ins., Bonding			20.75	20.75
Postage		247.70	169.91	417.61
Furn. and Fixt.		426.80	61.10	487.90
Comm. Mtgs.		126.10	14.70	140.80
Taxes		171.26	283.20	454.46
Miscellaneous		460.54	498.00	958.54
N. A. C. M. Burden Charge (See VII).		947.89	1,035.42	1,983.31
		10,853.50	11,450.64	22,304.14

II Washington Service Bureau:

During the first year of the establishment of the Washington Service Bureau the inquiries from members, handled directly by the Bureau, were nominal in number. However, with the increase of facilities in the office made possible through the Development Program Fund, inquiries serviced by this office doubled. For the past year the service we have rendered to members has again increased tremendously. Over 2,000 inquiries from association members and from local association offices have been received and serviced by the Washington office. These inquiries covered almost every operation of the government in Washington. Each inquiry necessitated the preparation of a special report or letter. Many inquiries required repeated personal contact and frequent follow-ups by the Washington Bureau personnel in order that they might be satisfactorily serviced. The many enthusiastic and voluntary expressions of appreciation from members who have benefited from these services are the best indication of their value to the membership.

Washington Service Bureau, April 30, 1939

	1937	1938	1939	Total
Monthly allocation of \$250. toward expense of W. S. B.	3,000.	3,000.	6,000.
	3,000.	3,000.	6,000.

III Education:

The National Institute of Credit, through the use of the Development Program Fund, has stimulated interest in credit education throughout the country. Registration in the National Institute of Credit at the close of the year marks a new peak. During the past year the registration increased exactly 111 per cent. Twenty-one new chapters were organized. Plans for 22 new chapters are now being formulated. Altogether, at this time there are 36 active chapters in the Association.

Twenty-one universities are cooperating in offering the formal courses of the Institute. They include:

<i>Massachusetts University Extension</i>	<i>University of Louisville</i>
<i>Hillyer College (Hartford)</i>	<i>Washington University (St. Louis)</i>
<i>University of Rochester</i>	<i>Butler University (Indianapolis)</i>
<i>University of Newark</i>	

Johns Hopkins University
Virginia Mechanics' Institute (Richmond)
University of Alabama
Duquesne University (Pittsburgh)
Cleveland College
Fenn College (Cleveland)
University of Detroit
University of Cincinnati

University of Wisconsin Extension Division (Milwaukee)
Central Y. M. C. A. College (Chicago)
University of Omaha
University of California
University of California, Los Angeles branch

In addition, special arrangements were made relative to tuition and other matters with seven universities. At least one university requested the permission to award Institute certificates at its commencement.

Three hundred 50-page manuals disclosing how to organize and conduct an educational program were distributed to secretaries and educational committees during the past year. A revised edition is now ready for distribution.

During the past year 9,000 copies of a new pamphlet "Forging Forward by Training in Credit," which describes the work of the National Institute of Credit, have been issued to chapters to publicize their activities. There have also been launched graduate and senior classes in Chicago, New York and San Diego. A greatly increased number of college-trained people participated in the National Institute of Credit activities during the year. There has been splendid cooperation with the retail credit associations in our educational programs in certain cities.

Many new additional informal chapter activities such as round tables, forum sessions, special lectures, were featured. Bankruptcy forums and classes were urged as a part of the Credit Institute work. (See Adjustment Bureau account.)

The participation in the Tregoe Essay Competition this year is more than three times what it was last year. The greatest increase in this participation occurred in Class B, among university juniors and seniors.

A bibliography is practically complete, which will include every book ever printed on the subject of commercial and retail credit and selected books in related fields. At the present time this list includes 800 books.

Finally, the Educational Department cooperated very closely with the Association's Public Relations Department and the U. S. Department of Commerce in the bad debt loss survey, aiding in scheduling of data, analysis and interpretation.

Education Department, April 30, 1939

	1937	1938	1939	Total
Salaries	—	3,596.16	5,626.74	9,222.90
Traveling	—	1,010.64	1,112.53	2,123.17
Tel. and Tel.	—	17.16	11.40	28.56
Stry. and Sply.	—	152.31	421.69	574.00
Postage	—	76.86	206.86	283.72
Ins., Bonding	—	—	45.88	45.88
Advertising	—	13.33	56.66	69.99
Furn. and Fixt.	—	176.80	—	176.80
Taxes	—	126.67	225.10	351.77
Miscellaneous	—	54.82	813.94	868.76
N.A.C.M. Burden Charge (See VII)	—	504.60	852.07	1,356.67
	—	5,729.35	9,372.87	15,102.22

IV Sales and Promotion:

During the year the National Association's staff and field representatives worked with 80 local associations in selling and promotional programs. Since the Development Program Fund was launched the net gain in National Association membership has been 831 members.

During the year just passed the Sales Manual was brought down to date and distributed to all local associations. There were free mailings of "Credit and Financial Management," and the Executive Manager's "Monthly Review of Business," totalling over eight thousand copies. The "Canons of Ethics" were reprinted and included in our sales and promotional literature. "The Biggest Chapter in Business History" and "Guarding the Nation's Profits," as well as all departmental handbooks from the Education, Legislation, Adjustment and Credit Interchange Departments were likewise made a part of the salesmen's kits and used extensively in the promotional work.

The "Members' Bulletin" was continued in the magazine and through this medium the membership was kept fully informed as to the National Association activities. A statement on the expenditures of the Development Program Fund and an ac-

counting of its accomplishments were given to members through this same medium.

Individual membership selling by staff representatives considerably exceeded results of the preceding year. At least six local affiliated units were reorganized and placed upon a sound basis through the department's activity during the past year. Preliminary organization for the establishment of several new associations are now in process of completion. Special attention to the Western Division by way of sales help through Mr. E. B. Moran, Central Division Manager, was made possible in the fiscal year just closed. Special Credit Interchange assistance was given in a number of local associations in order to maintain the national clearance system. "Quiz Parade" questions and answers, resulting in 133 pages of sales suggestions and material, were made available to all participating local officers and members.

Sales and Promotion*, April 30, 1939

	1937	1938	1939	Total
Salaries	—	12,646.19	18,091.27	30,737.46
Traveling	—	5,999.86	7,955.27	13,955.13
Tel. and Tel.	—	189.80	28.37	218.17
Stry. and Sply.	—	228.48	261.61	490.09
Postage	—	383.05	436.91	819.96
Insurance	—	—	43.71	43.71
Promotion Mtrl.	—	878.96	725.76	1,604.72
Mthy. Bulletins	—	4,453.16	1,276.80	5,729.96
Taxes	—	496.65	717.96	1,214.61
Miscellaneous	—	350.73	114.20	464.93
N.A.C.M. Burden Charge (See VII)	—	2,562.03	2,965.18	5,527.21
	—	28,188.91	32,617.04	60,805.95

* The Sales and Promotion account is the general clearance account for this type of work, covering all departments and inuring to their benefit.

V Credit Interchange:

In three major local markets where the Interchange situation was critical, due to the facilities made available by the Development Program Fund, the National Association was enabled to assume control and supervision of these bureaus. Without that action being possible three major markets would no longer be in the Interchange System. Besides this, there was the special assistance mentioned previously which was rendered in several local units to maintain the national clearance system. In the first year of the Development Program Fund it was necessary to rehabilitate a number of Credit Interchange units in local affiliated bureaus, all this being made possible by the use of the Development Program Fund.

During the past two years the Credit Interchange membership has increased by more than 250. Direct advertising was made possible during the year. This was handled through the offices of the Central Bureau. At no time in the previous history of Credit Interchange was it possible to have such constructive meetings scheduled as were held during the past two years by the Credit Methods and Practices Committee. The underwriting of these meetings was made possible by the Development Program Fund. There can be no doubt that without the Development Program Fund, Credit Interchange service on the entire Atlantic seaboard would have been an impossibility. The national service has been improved, and the study and research by the committees will continue in the interest of a better Credit Interchange service.

Interchange, Group and Business Service, April 30, 1939

	1937	1938	1939	Total
Traveling	—	655.56	344.16	999.72
Stry. and Sply.	—	3.57	—	3.57
Advertising	—	1,101.60	—	1,101.60
Comm. Mtgs.	640.60	1,075.18	1,320.55	3,036.33
Furn. and Fixt.	—	866.22	—	866.22
Misc. outside Cent. Div. local offices and New Eng. & Eastern De- velopment	—	9,753.71	17,172.69	26,926.40
N.A.C.M. Burden Charge (See VII)	—	681.09	183.97	865.06
	640.60	14,136.93	19,021.37	33,798.90

VI Adjustment Bureaus:

The Development Program Fund made possible increased activity in the Adjustment Bureaus Department in various ways.

Concisely listed, this activity included the following:

1. Defense of unauthorized practice of law cases.
2. Legislative work in the various states where dangerous laws or Adjustment Bureau problems were pending.
3. Supplying counsel for legal assistance in important legislative matters pending before state courts and involving certain types of credit legislation.
4. Expanded service of Bureau inspections; added personnel for this purpose.
5. Visits to local Bureaus increased annually. Distribution of pamphlet advertising Adjustment Bureau work entitled: "More Dollars for Business."
6. Committee meetings in cooperation with the Legislative Department on new General Orders in Bankruptcy made necessary after the passage of the Chandler Act.
7. Segregation of part of fund for use in reimbursing lay witnesses for expenses in important federal legislation affecting Adjustment Bureaus.
8. Preparation and presentation of amendments to Social Security Act, aimed to aid Adjustment Bureaus in securing proper exemptions.
9. Constructive meetings with American Bar Association committees on law lists and practice of law matters. Hearings and conferences with referees in bankruptcy and others on important changes in the National Bankruptcy Act.

Adjustments and Collections, April 30, 1939

	1937	1938	1939	Total
Salaries	—	1,341.66	1,833.26	3,174.92
Traveling	—	403.13	—	403.13
Unauthd. Prac. of Law	2,500.00	4,450.05	1,407.14	8,357.19
Comm. Mtgs.	—	185.02	—	185.02
Prom. Mtrl.	—	—	513.93	513.93
Taxes	—	46.50	76.01	122.51
Miscellaneous	—	—	3.60	3.60
N.A.C.M. Burden Chge. (See VII)	—	635.98	383.39	1,019.37
	2,500.00	7,062.34	4,217.33	13,779.67

General and Miscellaneous

	1937	1938	1939	Total
Salaries	—	851.36	883.38	1,734.74
Traveling	—	1,127.73	—	1,127.73
Comm. Mtgs.	—	—	594.26	594.26
Furn. & Fixt.	—	800.70	121.65	922.35
Taxes	—	—	35.32	35.32
Miscellaneous	—	254.53	235.25	489.78
N.A.C.M. Burden Charge (See VII)	—	223.36	174.82	398.18
	—	3,257.68	2,044.68	5,302.36

VII N. A. C. M. Burden Charge:

One of the questions that arose early in the Development Program Fund investment was the subject of how to cover its administration costs. The General Development Program Committee decided after conferences with us that the best way to handle the burden of miscellaneous expenses shouldered upon the National office due to the Development Program was to allow a 10% administration charge. It was clearly stated at the committee meeting that this charge would not be adequate. However, in the interest of the conservation of the fund, and for as long as it was possible for the National Association to do so, it agreed to absorb any excess thus limiting the so-called burden charge to 10%. The following items are covered in the 10% charge:

1. Rent in general except where added space has been specifically taken.
2. Light.
3. Janitor service.
4. All postage charges except where the individual mailing involves more than \$1.00.
5. All telephone calls except specific long distance phone calls.
6. All telegraph charges except charges of \$1.00 and over.
7. Messengers, office boy, mailroom expense.
8. Use of all typewriters and office equipment.
9. Casual clerical assistance and general clerical force not specifically working on Development Program.
10. Accounting and billing expense.
11. Stenographic expense of staff secretaries not assigned to specific Development Program work.
12. Time and expense of Executive Manager and staff members in general direction of Development Program expenditures where not assigned full time to this work.

Peck lists 10 credit rules

Kalamazoo.—Ten New Year resolutions for credit men were recently outlined by Thomas W. Peck, Sec'y, Kalamazoo Vegetable Parchment Co., in "The Creditor," publication of the Credit Association of Southwestern Michigan. Stating that without standards there would be no progress, Mr. Peck says that "credit men need to think in terms of progressive self-improvement as well as betterment of service rendered." The following suggestions are submitted as a worthy goal:

1. Make yourself a question mark in 1939. Take nothing for granted which has not first been carefully considered and investigated. There must be cause and reason for every decision.

2. Keep in mind that your job as a credit man is to help your salesmen complete their sales. You are as much interested in sales volume as the salesman—but it must not be volume without profit because of credit losses.

3. Avoid bitterness of spirit and distrust of your fellow men. A credit man must be a good gambler as well as a sound business executive. Most men are well-intentioned. The crooks are in the minority.

4. Study to improve yourself in an understanding of the intricate, complex workings of the business machine. You cannot know too much if you are to interpret trends, anticipate major movements, and cooperate sympathetically, wisely and safely with your management and your customers.

5. Take good care of your personal finances. A credit man should be the safest type of risk, an example for others to follow.

6. Keep yourself physically fit, you cannot do it without exercise. Walking is good, so is golf and horseback riding—but don't forget your morning setting-up exercises. Be regular about it, and you will be surprised at the results.

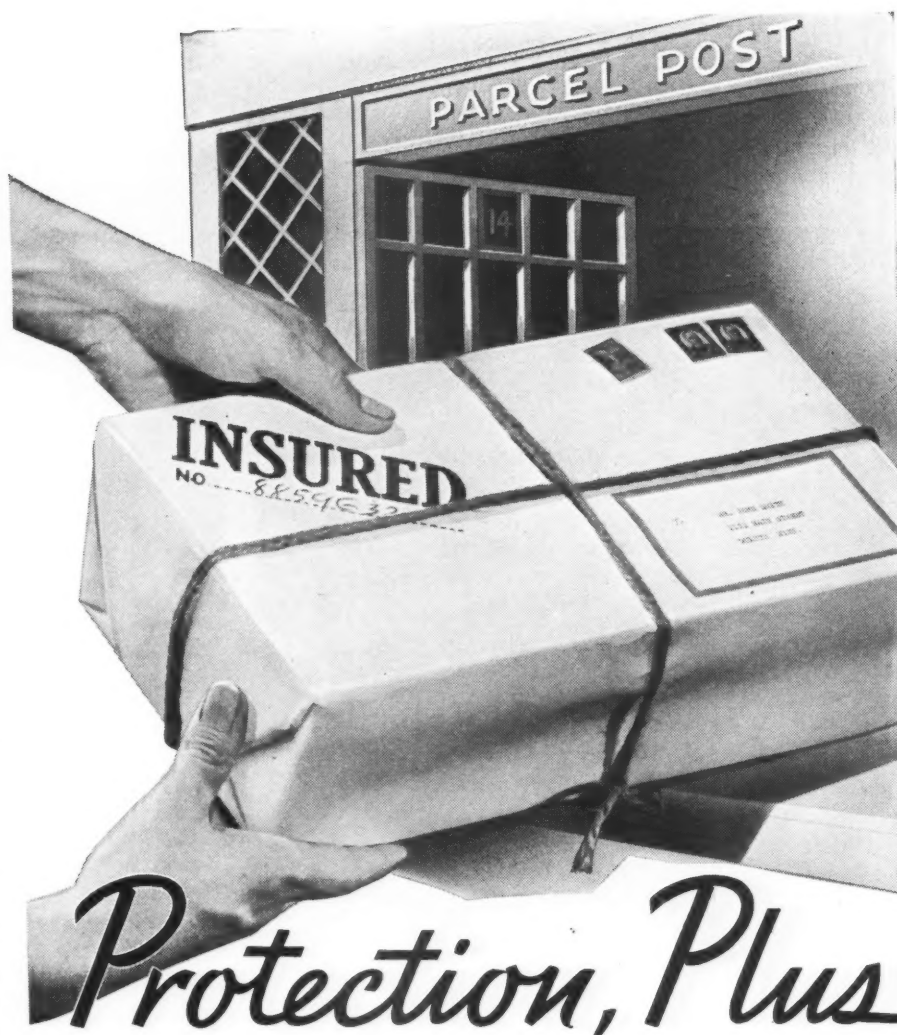
7. You have a soul; train it. Think only on the true, the honest, the beautiful, and the good things of life. Extract the square root of your mental, moral and spiritual nature and make that your guiding star. A credit man should have a warm and understanding heart, as well as an unprejudiced, factual mind.

8. Character is the basis of all credit. Therefore, give of your time and influence to some cause which seeks to promote good character in the lives of boys and girls. The next generation must be better than this one.

9. Get a philosophy of life which has hope and purpose in it and a sense of humor. Your job is serious enough, but there are other important jobs, too.

10. Swing in line with the National Association of Credit Men. Give some time and thought to the promotion of its program, utilize its services, make its members your acquaintances and friends.

Is this too energetic a program for you? It should not be if you want to forge ahead.



In spite of the efficiency of the Postal Service, you cheerfully pay a few cents per dollar of value to insure parcel post delivery.

A fraction of a cent per dollar of sales provides insurance against a far graver risk -- the possibility of not being paid for the merchandise you have shipped.

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enables the Credit Executive to write "OK" with a firm hand, for it guarantees reimbursement if debtors default on goods shipped under the terms of the policy.

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"American" policies cover insolvencies, reorganizations, delinquencies on liberal terms.

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What Does a Fire Cost?

(Cont'd from p. 15) certified copies thereof, if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made."

Now, according to this clause, we had at least sixty days to present our claim. We almost hoped the building would collapse, to save us the ordeal of taking inventory and risking our lives. It seemed an impossible task for us to evaluate the salvage, equipment and fixtures under such conditions. In desperation, we held a council and it was decided to find and engage the best rated and reputable public fire adjuster in the business.

5% for Getting Settlement

The name of a certain firm had been heard a number of times. Upon investigation, we learned they had done very good work for some of the largest wholesale hardware concerns in the business. We engaged them. Their fee was 5% of the settlement figure.

This proved a good move. I do not know how we could have finished the job ourselves. Many of our worries and uncertainties ceased. That alone was worth the fee we finally paid them. These men guided us in making the inventory, advising us regarding what would be required before settlement could be made and helping us throughout in the preparation of our claim.

I must not forget to mention that on this Monday, also, questioning by city fire officials was resumed, this time at the city hall. This was principally a repetition of Saturday evening. The city and state fire marshals made thorough inspections of the building for evidence of causes of the fire. It seems they made a check-up from every angle, fitting our stories together, with a sharp eye for fallacies and mis-statements. Evidently everything was in good order, for we were soon excused.

In the interim, the owners of the property had learned that our six story building could be restored in its entirety. Workmen started Wednesday morning to shore up the beams, strengthen the walls, and refasten the fire escapes, and to put on a temporary roof.

First Offer Acceptable

We finally computed our loss with the aid of our adjuster. We presented our claim to the fire insurance company. Through their adjuster they immediately started checking the inventory figures by testing lots.

Two days later our own adjuster notified us he had an offer. I went to his office and the figure was presented. It was a fair figure and the first amount stated was never changed. After questioning this and that for a day, we accepted the offer with the understanding that we could keep the salvage. Up to that time, we hoped they would take the salvage and pay us full insurance minus the amount we stood to lose on account of the contribution clause. Today, I am glad it was settled on their basis.

Now we could direct our attention to the building. During the time elapsed, the contractor, who was a specialist in the restoration of fire damaged property, had begun the work of rebuilding. It developed that this work could not be completed in the sixty days provided by our lease. Therefore, we waived our rights in this respect and agreed to remain in the building.

Over one hundred thousand feet of lumber were used

to reconstruct the building. Now we are well on our way to restocking it again.

This brings my story up to date. We believe we absorbed all the blows directed at us. We believe we have won out. I hope that, in a summary of my somewhat long tale, I have brought to you the lesson that I learned. I know my experience would have been much less trying, had I carried enough insurance.

To me insurance has ceased to be an unnecessary expense, a necessary evil. I definitely consider it a part of my cost. Today I prefer to buy less and be over-insured than to over-buy and be under-insured.

I thought "it" could not happen to me. And it can happen to you!

Ten Year Record on Fire Losses in N.Y.C.

Interesting facts are revealed in figures on fire insurance experience in New York City which were compiled by the New York State Insurance Department and submitted by Superintendent of Insurance Louis H. Pink to Mayor F. H. LaGuardia in reply to the latter's letter on the subject, reports the New York Journal of Commerce.

The figures cover the 10-year period from 1928 to 1937, inclusive. Superintendent Pink summarized the figures in his letter, pointing out that while losses had gone down, as stressed by the Mayor, the premium volume had declined from \$51,668,000 in 1928 to \$27,230,000 in 1937, a decrease of approximately \$24,000,000.

The following figures, by years, are based on the New York City writings of all stock companies reporting to the National Board of Fire Underwriters:

1928—Amount written, \$9,856,707,000; premiums written, \$51,668,000; average rate, 52¢; losses paid, \$20,380,000; loss ratio, 39.4 per cent.

1929—Amount written, \$9,124,942,000; premiums written, \$51,061,000; average rate, 55¢; losses paid, \$23,409,000; loss ratio, 45.8 per cent.

1930—Amount written, \$8,545,044,000; premiums written, \$43,842,000; average rate, 51¢; losses paid, \$22,318,000; loss ratio, 50.0 per cent.

1931—Amount written, \$8,335,989,000; premiums written, \$39,325,000; average rate, 47¢; losses paid, \$22,011,000; loss ratio, 55.9 per cent.

1932—Amount written, \$6,753,625,000; premiums written, \$32,043,000; average rate, 47¢; losses paid, \$22,142,000; loss ratio, 68.1 per cent.

1933—Amount written, \$6,935,655,000; premiums written, \$28,764,000; average rate, 41¢; losses paid, \$12,184,000; loss ratio, 42.36 per cent.

1934—Amount written, \$7,285,394,000; premiums written, \$29,545,000; average rate, 40¢; losses paid, \$11,444,000; loss ratio, 38.73 per cent.

1935—Amount written, \$7,678,706,000; premiums written, \$29,493,000; average rate, 38¢; losses paid, \$10,978,000; loss ratio, 37.22 per cent.

1936—Amount written, \$7,381,258,000; premiums written, \$28,920,000; average rate, 39¢; losses paid, \$9,888,000; loss ratio, 34.19 per cent.

1937—Amount written, \$6,579,058,000; premiums written, \$27,230,000; average rate, 41¢; losses paid, \$9,190,000; loss ratio 33.75 per cent.

Calls Pay, Hour Act Detrimental To All

The Federal wages and hours law was criticized as detrimental to the interests of employers, employees and trade unions alike by V. P. Ahearn of Washington, executive secretary of the National Sand and Gravel Association, in addressing the convention of the American Trade Association Executives recently.

Mr. Ahearn said: "For employers there is always a prospect that Congress may upset our whole national economy each session by raising wages and lowering hours of employment, and accordingly it will be difficult for business to plan ahead.

"For unions there is the acute problem of just what to do about present trends in government policies which in many cases, if carried to their logical conclusion, will result in the eventual displacements of unions by the Government in the protection of working conditions.

"For employees, particularly for those who had steady jobs and who realized that annual income was more important than hourly rates, there is the cold realization that the so-called Fair Labor Standards Act of 1938 may be Mr. Hoover's share-the-work program.

New Jersey Agents Plan Lectures For Credit Men

The New Jersey Association of Underwriters, in co-operation with a joint committee of the New Jersey Association of Credit Men and the Essex County Board of Underwriters, has arranged a series of six lectures to acquaint credit men with various forms of insurance. The dates of the meetings, the speakers and their subjects are:

October 2, Julius Klein of Rosenthal & Klein, Newark, "Fire Insurance"; October 16, Herbert L. Brooks, president, Essex County Insurance; October 30, D. Blake Lumpkin, president, Surety Underwriters' Association of New Jersey, "Fidelity and Surety Bonds"; November 13, Richard J. Crocker, secretary, Schlesinger-Heller Agency, Newark, "Inland Marine Insurance"; November 27, Howard C. Lawrence, president, New Jersey State Association of Life Underwriters, "Life Insurance"; December 11, Carl N. Sharpe, manager, American Credit Indemnity Co., "Credit Insurance."



**but only because
One Man was patient . . .**

YOU gave him a cold turn-down when he first talked Dishonesty Insurance. Said you knew every man in your company personally. They wouldn't steal from you! But this man was patient.

It's well he was. You're still thanking him for his patience and persistence — and for the prompt and equitable way in which the U. S. F. & G. settled your claim.

Your U. S. F. & G. Agent is one of 9,000 located throughout the country. He's in touch with countless business and personal insurance problems. It's his job to help you. Look him up in the phone book, and give him a call, today.

*"Consult your Agent or Broker as you would
your Doctor or Lawyer"*

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Pioneer Tells of Credit Gains

(Continued from page 23) delivery boy taught him how long a man could work each day without falling down. Working hours the first five days each week were 4 a.m. to 8 p.m. Saturday was the long day. At 4 o'clock each Saturday morning, he drove his horse to market where fruits and vegetables were purchased for the day's trade. The rest of the day was spent behind the counter, making deliveries and placing new stock on the shelves. Quitting time ranged from 1 o'clock to 2 o'clock Sunday morning. Compensation included room, board and \$2 a week.

Sees West Through Army

Long hours and small wages failed to interest this young man who visualized a successful future in the business world. With his friend, whose letter brought him to New York the second time, he packed his few clothes and started west again. The two youths made a solemn agreement to stay together wherever the trail may lead. The first stop was Newport, Ky. The friend, an impulsive youth, joined the army. Andriano had no choice. He must keep his promise to stay with his friend. Thus the youth who left Germany because he didn't want to "waste valuable years in the military service" enlisted in the United States army where he spent the next five years.

His first few months of service were spent in the recruiting office at Newport. He persuaded young men to enlist and help their country. In August, 1875 he was transferred to the Dakota territory where he was assigned to the headquarters and quartermasters departments as Indian agency clerk. Almost five years in Indian territory brought a variety of experiences.

Trade With Indians

Army men governed the Indians and also supplied food and clothing. Due to the assignment in the quartermasters division Andriano had many personal contacts with the red men. One of the outstanding events in the regular routine at the post was the arrival of the provisions boat. There was a bend in the river a few miles from camp and a prize was awarded to the first Indian who reported the steamer coming around the bend. Bucks would stand all day on the bank of the river and race to headquarters to report sighting the boat. This encouraged friendly relations with the Indians and resulted in a minimum of trouble.

The remarkable business ability of the young clerk was shown when he saved thousands of dollars for the government. The bank of the river was filled with discarded saddles, tents and clothing. Andriano devised a plan to repair and rebuild condemned equipment. Through efforts of his commanding officer he was able to get a detail of ten men to help him. Most of the equipment was repaired and returned to the storerooms.

The young clerk had many Indian friends. Included in the list were Chief Sitting Bull, Running Antelope and other Sioux warriors. Because of these friendships he was permitted to attend council meetings and was well versed in the Indian tongue.

Custer's Last Stand

General George A. Custer and his officers who were killed in that memorable fight in 1876 were friends of

Andriano. The Indian side of the Custer fight came to the clerk through his red men friends. A few months before the massacre, food and clothing for distribution to the Indians were reduced to small proportions. The amount was insufficient to satisfy the needs and warriors became restless and dissatisfied. Trouble followed. In conversations Andriano learned that the red men were hungry and cold and thought it necessary to kill white men who had cut off their supplies.

Before the Custer massacre the agency clerk, a few officers of the post and an interpreter attended a tribal council. The meeting was held to protest reduction of supplies. The Indians were filled with hatred and in a short time feeling against white men became so strong that the officers and interpreter decided to leave. They tried to persuade Andriano to accompany them, but the clerk refused to move. After his companions left he delivered a speech to the warriors. He cited instances where food and clothing had been distributed without authority and pleaded for patience. The red men were impressed and friendly relations were restored.

Finally his time in the army expired and he looked forward with pleasure to an extension of his career in private business. Officers of the post asked him to stay in the army. They even offered to make arrangements for an examination necessary for a rating as commissioned officer. The urge to return to private life was stronger than the officers' arguments.

Back to Fatherland

Shortly after he received his discharge he found a friend who wished to go to Germany for medical attention. He took his friend to Europe and spent the following year on that continent. Police learned of his return and tried to persuade him to enlist in the German army. He refused by saying that he was a citizen of the United States and planned to return to his adopted country soon.

Upon his return to the United States he came immediately to St. Joseph where he received his first training in business. In 1881 he secured a job as collector with the Merchants' Bank which merged with the First National Bank about thirty years later. He filled most of the positions in the bank. From collector he was promoted to bookkeeper, then to receiving teller and paying teller. He spent twenty-seven years as teller and assistant cashier. Later he advanced to cashier and vice-president. His duties the last several years included meeting the public and establishing contacts.

In his work as a collector Andriano recalled a meeting with Jesse James, bad man of the middle west. The meeting took place two days before the notorious bandit was killed. The collector had a large amount of money in his satchel and was leaving the State National Bank when a man loitering by the door accosted him.

"That's a lot of money for a lad your age to be carrying around," the stranger said.

Andriano bristled and replied defiantly "I may be young, but I'm old enough to tend to my own business and wish you would do the same."

Two days later a man identified as Jesse James was killed. Andriano viewed the body and to his dismay learned that his defiant reply to the stranger was hurled at the most feared man in the middle west.

South America Now Placing Orders Here

South American demand for United States products, to replace those formerly obtained from Europe, is already making itself felt here, reports the Wall Street Journal late in September. Recently this demand was almost entirely in the "inquiry" stage. It now has developed to a point where orders are being placed. This was learned from some of the local banks which have been arranging credits for such transactions.

Coal and steel are two products frequently mentioned by the bankers as in demand by the South American countries. Tools, machinery, chemicals, textiles, hardware and newsprint are also on the list of those things about which there has been substantial inquiry.

Sign Here

Atlanta—A recent issue of the "Credit Clarion" of the Atlanta A. C. M. carried the following verses with the heading "Sign Here":

What do you write
When you write a check
For membership dues?
You write by heck
A passport that will carry you
Through national councils
And local too.

You write an order
That brings your firm
For a small investment
A large return.
There's the magazine and the Heimann
letter,
And approved forms
To serve you better.

You buy services
For your own protection
Through cooperative action
In adjustments and collections.
There are meetings of every sort and kind
With other fellows
In similar lines.

You join with others
Who receive a wide range
Of desired information
Through Credit Interchange,
All from the ledgers—accurate too—
Of other members
Who share with you.

What do you write
When you write a check
For membership dues?
You write by heck
An ultimatum of greatest worth
To cast your lot with
The elect of the earth!



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Made up of nationally-known mutual companies, the "B-O-F" writes insurance on selected risks and makes even these good risks better through its nation-wide fire prevention and inspection service. From the savings that result from this program and economical management, it has always returned substantial dividends to policyholders—present rate 40% of the premium plus currently a 10% extra.

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Where Will Latin America Buy?

Effect of War on U. S. Exports to the South

By Kenneth H. Campbell, Director Foreign Department-Manager,
Foreign Credit Interchange Bureau

AMERICAN manufacturers of all kinds of materials have an opportunity to develop and improve their position in Central and South American countries as a result of the outbreak of war in Europe. It is the considered opinion of most exporters, foreign credit executives, and foreign commercial bankers that the South American market will tremendously expand if the war continues for any length of time.

Last year, Germany sold some \$240,000,000 worth of products to Latin America, mostly on an Aski Mark or barter basis. Experienced exporters recall that in the World War, Germany's products all but disappeared from Latin American markets in from six to twelve months time after the commencement of hostilities. Many exporters and many Latin Americans expect a recurrence of the same situation.

Great Britain's trade-hold on Latin America has diminished during the past few years. German and American commercial gains have been made, in many instances, at the expense of Britain. Britain is expected to try to maintain her normal export trade with this area, in fact, it is vital that she do so because her imports will probably go up and any diminishing of exports will mean the outflowing of gold to pay for necessary imports for war needs. In spite of the tremendous demand of her domestic market for war supplies, Britain can be counted on to make every effort to maintain the normal flow of trade with Latin America. If she is able to control the seas, she will make use of this vast reservoir of agricultural and mineral products so necessary to the successful conduct of modern warfare.

Japan can be counted upon to push aggressively her commercial interests in Latin America. She has recently been somewhat bested by Germany (who granted longer credits and who was in a better position to take Latin American products) but one can expect a

commercial reassertment of Nippon in these markets.

Many Latin American countries have, during the past year, suffered a stringency of foreign exchange convertible into dollars because of the low demand and low prices for many of their various products. There was a great deal of Aski Mark trading with Germany resulting in exchange that could only be used for the purchase of German merchandise. Our own imports from Latin America were reduced in quantity and volume during the last year.

World prices for a great many Latin American products will increase (some have already improved materially) and with Germany out as a potential market, practically all sales to Europe will be to countries having generally free currencies. Sales to these countries will result in exchange that at the present writing will be convertible into dollars, if the exporting country in Latin America decides so to do. Further, U. S. industry will probably expand as a direct result of war, demanding larger imports and a shifting in some cases of sources of supply to Latin America. This will lead to a further improvement in the availability of dollar exchange in Latin American countries. An increase in volume plus an increase in price will be helpful in taking care of the payment of a looked-for expansion of imports from U. S. and Latin America's short term credit position should improve in the main.

Countries like Argentina, Uruguay, Venezuela, Peru, Puerto Rico, and Cuba will have greater exchange availabilities because they will be selling their products at higher prices. For some time past Argentina has endeavored to discourage American imports by applying import and exchange controls detrimental to many American products. The recent action of the Argentine Finance Minister authorizing the liquidation of all import permits at the uniform rate of 17 pesos to the pound sterling is an indication

that Argentina realizes that the United States in the immediate future must be her chief supplier and that she must get these imports from us without effecting an undue hardship to Argentine importers. Argentina's big problem has been a wheat surplus. She has endeavored to subsidize her wheat producers from the profits of the exchange control board. If war continues, Argentina should experience no difficulty in marketing her grain and meat in Europe at a profitable price.

U. S. purchases of Argentine wool will probably increase substantially. Great Britain has recently contracted for the entire Australian clip for the duration of the war. We will probably look to Argentina and Uruguay as our chief source of supply as a result of this action.

Uruguay, on September 9th, allocated \$980,000 free exchange for the importation of certain American products. As Uruguay has in recent months been greatly restricting exchange allocation for U. S. imports, this is another indication that Latin American countries must turn to the U. S. for supplies formerly received from Europe. Such countries which have heretofore been rather arbitrary about the admission of American products, are making the necessary arrangements so that the exchange cover will be available, thus being of assistance to their own commercial interests.

Other products imported by the U. S. that may in the future come from Latin America in increased quantities are hides from Venezuela, flaxseed and linseed from Argentina, various vegetable and nut oils from Brazil, vanadium from Peru, usonite from Brazil and a host of other mineral products which are now known to exist in Latin America, but which for many reasons have heretofore never been fully exploited. If the continuation of the war increases the difficulty of importing many of these products from countries which heretofore have sent them to us, we may turn to the continent

to the south, near us in terms of transportation and removed from the immediate war area, as our source of supply. Latin America will look to us for the same reasons as her source of supply for the importation of a great many products formerly secured in Europe. All of this should help to improve the economic and internal credit conditions in these markets and should also assure the availability of exchange to pay for increased imports from the U. S.

In analyzing the potential possibilities of Latin American markets, careful consideration should be given to their immediate past and present exchange situation.

A Pan-American Conference convened in Panama City on September 22nd. At this meeting were discussed the problems of neutrality, ways and means of preserving peace in the Western Hemisphere, and economic problems arising from the war as they affect the Americas. It was hoped that plans will be formulated at this meeting for a greater economic collaboration between the Americas during this war crisis.

Coffee producing countries such as Brazil, Colombia and Costa Rica will be effected by loss of the European market for coffee which may result in an over-supply and bring a drop in price. The purchasing power of the coffee producing countries will therefore be effected to the extent of a drop in the price of coffee, plus probable increase in the prices of commodities imported.

Brazilian cotton has been going primarily to Germany on an Aski Mark basis. It is believed that Britain will not pick up this slack as it is expected that she will increase her purchases of cotton elsewhere. Thus, Brazil will be deprived of her market for cotton without substituting another outlet, and her need of exchange for imports will increase in proportion to the imports formerly secured from Germany on an Aski Mark basis, which hereafter it is expected Brazil will have to purchase from other industrial countries for free exchange.

Chile will probably benefit from an increase in the price of copper, but she will suffer the loss of her European market for nitrates, so important to her in the last war, because European countries can now do without Chilean nitrates.

Up to the present, Mexico is an enigma. Recently she has been selling

oil to Germany on a barter basis. If other outlets can be secured, or the oil question satisfactorily settled, her problem will be solved.

Informed opinion believes that most Central American countries, because of the products they produce, will be adversely affected, with the exception of Nicaragua which in the past few months has brought gold mining into profitable production.

While Colombia might be affected adversely by a decline in coffee prices, recent oil developments now getting into satisfactory production, an in-

crease in the price of oil, plus an increase in gold production will probably offset any drop in exchange availabilities due to the lower price of coffee.

The Foreign Credit Interchange Bureau of the National Association of Credit Men is prepared to help all members of the Association engaged in export trade, to meet and solve the many problems with which they are now confronted. To Association members who have not heretofore engaged in export activities, the services and consultations of the Bureau are available. (Cont'd on p. 52)



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Pitfalls in Guaranteed Accounts

Legal Loopholes for Guarantors

By Leslie Childs, Indianapolis, Ind.

OF Where a seller of goods, whether manufacturer, jobber, wholesaler, or what not, relies upon the guaranty of a third person for the security of an account, he should watch his step in granting extensions of time for payment, in the absence of consent thereto by the guarantor. This for the reason that, by the great weight of authority, an extension of time of payment, unless consented to by the guarantor will release the latter from liability.

Needless to say, the great majority of business executives, especially those charged with credit responsibilities, are more or less familiar with this rule of law. However, since the point is easily overlooked in the press of everyday affairs, a brief review of how the courts reason thereon and the possible danger in overlooking it, may not come amiss to even the best informed. For example.

Account Guaranteed by Third Person

In a recent case, the plaintiff, an eastern manufacturing company entered into a contract with a mid-western company to act as its factor in the sale of certain machines and equipment. By the terms of the contract the buying firm bound itself to make payment for such equipment as it ordered in cash, "the 10th of the second month after date we [sellers] make shipment."

Attached to the contract was a written guaranty signed by the defendant which recited, in part, as follows:

"In consideration of the payment of one dollar (\$1.00), receipt of which is acknowledged, and other valuable things, I hereby guarantee the payment of all accounts arising under this agreement. * * *

Following this, the plaintiff shipped the buyer certain equipment. The buyer was unable to meet the payments according to the contract and wrote the plaintiff:

"We find that one of your statements, in the amount

of \$2,100.00 is due on the tenth of this month.

"This is for two Ice Machines and fittings on one of the jobs we are installing * * *. For reasons beyond our control the installation was delayed, * * *. For this reason we want to ask that you extend the date of payment thirty days. * * *"

Plaintiff, it appears, granted this extension and accepted the buyer's thirty-day note for the account. The note apparently was not paid for thereafter plaintiff brought the instant action against the defendant as guarantor of the account. The latter denied liability on the ground that the extension of time, which was given without his knowledge or consent, released him. In upholding this contention the higher court on appeal said:

The Language of the Court

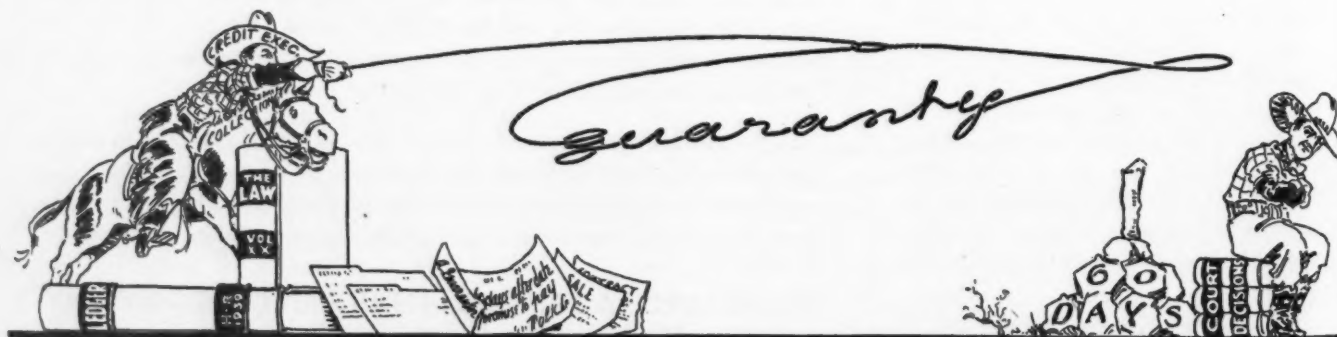
"There is no evidence that the defendant consented to the extension of time for the payment of the account or, in fact, that he knew of the execution of the note * * *. It is contended by the defendant that the giving of the note discharged him from his contract of guaranty. We think defendant's contention is well taken."

Then in support of its conclusion the court quoted the general rule from 28 C.J.1001, as follows:

"The acceptance of a bill or note payable at a future time in the place of a preexisting simple contract of debt will release the guarantor, unless the note matures before the maturity of the original debt, or is merely taken as collateral, or upon the condition that its acceptance shall not extend the time of payment or effect the liability of the guarantor, or unless no time was fixed for the payment of the principal debt." (118 S.W. 2d.497)

So ended that case. Let's take another.

Here plaintiff, a wholesale firm, sold a bill of plate glass to a business firm in a distant city. The defendant



guaranteed the payment of the account in the following letter:

"Gentlemen: Referring to the order placed with you this date by R. & R. amount to approximately \$650.00, I beg to say that I will guarantee the payment of this amount when due; that is, 90 days from date of invoice."

Plaintiff shipped the goods. When the bill fell due, the buyers were unable to pay, and the plaintiff accepted their note payable several months later for the amount. The defendant, it appears, had no knowledge of this. The buyers later became bankrupt, and plaintiff sued the defendant on his guaranty. In holding the defendant not liable, the court reasoned:

Extension of Time Voided Guaranty

"The letter of guaranty * * * was not an original undertaking by the guarantor, but was merely a guaranty with the legal limitations thereto, and not one of suretyship * * * The letter amounts to no more than a mere guaranty of the account; and, when the time of payment was extended, by the acceptance of the note for the amount by the creditor, [plaintiff] the guarantor [defendant] was hereby released from the obligation" (108 So. 606)

Conclusion

The foregoing cases constitute fair illustrations of certain pitfalls to be avoided in granting extensions of time on guaranteed accounts. Of course, if the contract of guaranty provides for this, or if the guaranty is so worded as to amount to an original undertaking on the part of the guarantor, a quite different situation may be presented.

However, where a guaranty is limited to a single account in accordance with its terms, a creditor may well be sure of his ground before granting extensions, in the absence of consent thereto by the guarantor. And, as examples of the possible danger in overlooking this point, the cases reviewed are squarely in point and well worth having in mind by credit executives in situations of this kind.

BurroughsBringsOut New Posting Machine

BIn step with the trend toward an increasing volume of installment business, Burroughs has recently announced a new, low-cost machine for receipting and posting pay-

ments at the window. Combining features and advantages never before assembled in window receipting equipment, it is designed to bring added protection, new economy, and a new speed and ease of operation to concerns doing installment business.

By combining posting with receipting, it saves extra work ordinarily required to post records separately in the bookkeeping department.

The compact size makes it possible to use the equipment in cashier cages without costly changes, the machine occupying little more space than an ordinary letterhead.

The Burroughs Installment Receipting-Posting Machine permits the person receiving payments—in a single operation—to post the amount of cash received to the customer's receipt book and the ledger record, extend the new balance and obtain a detailed audit journal.

Are Consignments Banned Under Robinson-Patman

Question: Under the Robinson-Patman Act is a manufacturer forbidden to consign merchandise to his customer?

A No. An examination of the Robinson-Patman Act will indicate that consignment contracts are nowhere referred to.

The act is designed to prevent price discrimination where the effect of such discrimination may be "to substantially lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them."

The consignment contract is such a firmly established business institution and is in such general use that it is inconceivable that Congress would attempt to legislate against it without some specific reference to it. (See Bituminous Coal Act of 1937. Title 15 U. S. C. A. Section 833 (i) 1 in which consignment of coal under certain conditions is described as an unfair method of competition.)

There is, of course, the possibility that a consignment may be used as a device either to discriminate in price or to pay or receive unlawful brokerage commission banned by the Act.

How Retailers Can Make BIGGER PROFITS From Credit Merchandising

Retailers can make more money from credit merchandising in several ways. One is to make the same percentage of net on a larger volume of sales. Another is to increase sales and increase net. But a third, and often simpler way, is to make a larger percentage of net on the same volume of sales.

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How can your retailer customers increase the net on their present sales? By taking six simple steps. These steps are described in the free booklet "Controlled Installment Credit," by the well known credit authority, Clyde W. Phelps. This booklet tells how outstandingly successful retailers cut bad debt losses. "Controlled Installment Credit" is one of five booklets published by Household Finance as a contribution to better credit methods. These booklets tell ways to solve some of the most important problems before credit men today.

Ways to stop hidden losses

Take slow-pay customers. These cost the retailer money in ten different ways. The booklet "Ten Hidden Losses in Slow Charge Accounts" shows just what to do about slow-pay customers. Or take age analysis of credit accounts. Many retailers do not realize how this simple practice cuts bad debt losses, extra interest, bookkeeping and collection costs. "Age Analysis of Charge Accounts" tells the retailer how to make such an analysis and how to profit by it.

Another booklet, "A Controlled Credit Policy," contains letters and detailed suggestions for putting into effect the controlled credit policy which has proved successful in so many retail businesses.

"A Community Credit Control Policy" describes the advantages such a policy has brought to retailers in Cincinnati, Detroit and other cities. It tells how to create a similar policy in any city.

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Bankruptcy Developments in 76th Congress, 1st Session

by C. F. Baldwin, Secretary, N.A.C.M. National Legislative Committee

As was to be expected, the first session of Congress after the enactment of the Chandler Bankruptcy Act brought comparatively few developments in the field of bankruptcy legislation. Only thirteen bills to amend the Bankruptcy Act—ten in the House and three in the Senate—were introduced and of those only two became law, while a third was reported favorably by the Senate Judiciary Committee. A brief description of the bills which were introduced follows:

H. R. 993, introduced in the House by Mr. Keogh of New York, to provide that a general assignment for the benefit of creditors shall not constitute an act of bankruptcy unless connected with some other act of bankruptcy. No action by committee.

H. R. 3059, introduced in the House by Mr. Voorhis of California, to amend Subdivision (a) of Section 75 of the Act. This bill proposes that every court of bankruptcy whose jurisdiction includes one or more counties having an agricultural population of 500 or more farmers should appoint one or more "referees to be known as conciliation commissioners." One such commissioner would be appointed for each county having more than 500 farmers. The conciliation commissioners would be appointed for terms of one year.

The bill provides that no one would be eligible to appointment as a referee and then states, however, that the commissioner need not be an attorney at law. The Chandler Act expressly states that referees appointed after enactment of the law must be members of the Bar. No action on the bill was taken by the committee.

H. R. 4430, introduced in the House by Mr. Harter of New York, to amend Section 35 would permit conciliation commissioners to act as referees in bankruptcy. No action by committee.

H. R. 5128, introduced in the House by Mr. Bates of Kentucky, to amend Section 17, to prevent the discharge in bankruptcy of any debt incurred in contemplation of bankruptcy. No action by committee.

H. R. 5182, introduced in the House by Mr. McLaughlin of Nebraska, proposing the establishment of a Railroad Reorganization Court composed of a chief judge and two associate judges appointed by the President. The bill proposes amendments to Section 77 of the Act and sets procedure by which railroad reorganizations would be effected under the new Railroad Reorganization Court. This bill was superseded by *H. R. 6369*, also introduced by Mr. McLaughlin, and the new bill, which has already received extensive consideration will be further considered by the Bankruptcy Subcommittee of the House Judiciary Committee.

The McLaughlin Bill is being considered concurrently with *S. 1869*, introduced in the Senate by Senators Wheeler and Truman, which also seeks to provide for

railroad reorganizations and which was passed by the Senate but is still pending in the House Committee.

H. R. 5407, (formerly *H. R. 3704*), introduced in the House by Mr. Walter Chandler, proposing a new Chapter XV dealing with Railroad Adjustments. This bill, whose application is rather rigidly limited to certain types of railroads, passed both Houses and in the latter days of the session became Public Law #242.

H. R. 5193, introduced in the House by Mr. Lemke of North Dakota, to amend Section 75 and provide for the handling of bankrupt farmer-debtors. Subsequently, Mr. Lemke introduced another bill (*H. R. 7528*), which is substantially the same as—

S. 1935, introduced in the Senate by Senator Frazier, which was favorably reported by the Senate Judiciary Committee on August 1st but was not acted on by the Senate before adjournment. The purpose of this bill, in addition to providing for the appointment of conciliation commissioners with a term of four years, would extend the provisions of Section 75 from March 4, 1940, to March 4, 1944. It also provides that the court ascertain the value of the property of the farmer-debtor by trial in place of public sale. It further provides that the court shall not dismiss the proceeding under Section 75 without complete liquidation and a discharge of the farmer-debtor.

H. R. 5529, introduced in the House by Mr. Reed of Illinois, to amend Sections 81, 82 and 83 of Chapter IX of the Act. This bill was superseded by *H. R. 6505*, whose objectives were limited to Section 83 (a) of the Act, and which provides procedure for seeking to effect a plan for the composition of obligations represented by securities issued to defray the cost of local improvements and payable out of proceeds of special assessments or special taxes levied by local taxing authorities. The bill in the revised form was passed by the House. It was, however, materially changed in the Senate Committee, passed by the Senate and returned to the House. At the time of adjournment the House Judiciary Committee had not accepted the Senate amendments.

S. 2654, introduced in the Senate by Senator Truman of Missouri, to amend Subsection (n) of Section 77 by granting a preferred status, in railroad proceedings under Section 77 and in equity receiverships of railroads, to claims for personal injuries to railroad employees, claims for personal representatives of deceased railroad employees arising under State or Federal laws and claims payable by sureties "upon supersedeas, appeal, attachment, or garnishment bonds, executed by sureties without security, for and in any action" against a railroad corporation or trustee appointed under the section. This bill was passed by both Houses during the latter part of the session and is now Public Law # 386.

S. 2550, introduced in the Senate by Senator Ashurst, and providing for the appointment of referees in bankruptcy on a salary basis. At adjournment this bill was still pending in a special subcommittee of the Senate Judiciary Committee. It is this bill, incidentally, which was the subject of a statement prepared by a subcommittee of the National Legislative Committee of the National Association of Credit Men and submitted to members of Congress and appropriate administrative officials of the government.

Another bill was introduced during the Congressional session just ended which, while not strictly a bankruptcy bill, is of some interest from the standpoint of creditors. It is H. R. 992, introduced in the House by Mr. Keogh of New York, and proposing an amendment to Section 3466 of the Revised Statutes, the effect of which would be to subordinate tax claims of the United States to other tax claims in state insolvency proceedings. This bill was not acted upon by the House Judiciary Committee to which it was referred.

The most pressing bankruptcy matter before Congress is, of course, that

of a new procedure for railroad reorganizations. The Chandler Railroad Adjustment Act will take care of certain railroad situations where relief from temporary financial difficulties may be obtained outside the more involved procedure of railroad reorganization but it does not meet, and was not intended to meet, the needs of the general railroad problem. It is understood that members of the House Judiciary Committee will consider, during the recess of Congress, the railroad reorganization legislation which was introduced during the past session and possibly develop substitute legislation which can be presented early in the next session of Congress.

The introduction during the recent session of Congress of S. 2550, designed to place referees in bankruptcy on a salary basis which is understood to be favored by the Attorney General and the fact that several months ago the Attorney General appointed a special Committee to study certain matters of bankruptcy administration suggest the possibility that bankruptcy legislation may assume a more important place in the session of Congress which will convene next January.

In that event, the National Association of Credit Men will again, as in the past, take whatever steps appear to be advisable and present to Congress the views it represents with regard to matters of bankruptcy. The above-mentioned survey of the Association to determine the results of the operation of the Chandler Act will, of course, be valuable in that connection as will the further activities of the National Legislative Committee's sub-committee which was appointed to study the matter of salaried referees.

The summary presented herewith is given so that members of our Associa-

tion may be kept informed of legislation which might affect the interests of creditors in insolvency cases.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF MARCH 3, 1933.

OF CREDIT and FINANCIAL MANAGEMENT, published monthly at Philadelphia, Penna., for October 1, 1939.

STATE OF NEW YORK,
COUNTY OF NEW YORK, ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Richard G. Tobin, who having been duly sworn according to law, deposes and says that he is the Editor and Manager of the CREDIT and FINANCIAL MANAGEMENT, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are: Publishers, National Association of Credit Men, 1 Park Avenue, New York City. Editor, Richard G. Tobin, 1 Park Avenue, New York City. Associate Editor, Paul Haase, 1 Park Avenue, New York City. Business Manager, Richard G. Tobin, 1 Park Avenue, New York City.

2. That the owner is: National Association of Credit Men, a non-stock corporation with the following officers: Charles A. Wells, John S. Brittain Dry Goods Co., St. Joseph, Mo., president; John L. Redmond, Crompton-Richmond Co., Inc., New York, N. Y., vice-president; Fred J. Hamerlin, Lilly Varnish Co., Indianapolis, Ind., vice-president; R. C. Wilson, First Natl. Bank, Salt Lake City, Utah, vice-president; Henry H. Heimann, New York, N. Y., executive manager and secretary and treasurer.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

RICHARD G. TOBIN, Editor.

Sworn to and subscribed before me this 7th day of September, 1939.

(Seal) ROSETTA ROSENGARD,
Notary Public, Kings County
Clerk's No. 201, Reg. No. 441.
Certificate filed in New York County,
N. Y. Co. Clerk's No. 856, Reg. No.
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Where Will So. America Buy During War?

(Cont'd from page 47)

In these hectic days when business is pouring in to American manufacturers, it has been suggested that on the basis of past experience, it is best to adhere to the fundamentals that have been found desirable by American exporters. There are available to-day the services of an efficient corps of trained men who have behind them the experience of a quarter of a century of export work. This was not true in 1914-18. Also there are trade associations, export managers' clubs, and foreign credit information, collection and exchange services such as our own Foreign Credit Interchange Bureau which have developed an efficient system of giving practical guidance because of accumulated experience on all phases of export credit problems.

Whether a new or old exporter, you will be wise in giving the utmost consideration to reliable and respected customers. Investigate new accounts and new buyers carefully and try, above all, to avoid disturbing your normal channels of trade. It may be necessary in some instances to make changes in existing sales arrangements. Beware, however, of new connections that promise miracles.

Try to keep your terms and conditions of sale as normal as possible. Financial conditions and new exchange and import restrictions (particularly in Europe) will call for some re-adjustment of terms with old buyers. Be as considerate as possible of their present condition, in most cases a severe shock to their own normal course of action. Your consideration and thoughtfulness will not be forgotten in the future.

Prices will fluctuate—this will be necessary due to increase in freight rates, shipping charges, labor and material cost. It has been suggested that if at all possible, you give your old established connections an opportunity to anticipate their needs before a price advance, if it can be done without overloading them unnecessarily.

As a warning to new exporters, and maybe as a reminder to "old timers," these days will bring a flood of "confidential advisers" who will claim to have the inside track to many big deals. Several individuals have already been reported to the Foreign Credit Interchange Bureau as operating. When such appear, listen and then ask ques-

tions of your trade association, the Foreign Credit Interchange Bureau, your friends in the export field, even your competitors. "Look before you leap" and accept no proposition without thorough investigation. American exporters have earned a reputation based on their commercial integrity and on the fair treatment they give customers, and American products are prized for quality. These standards must be maintained. Present exporters have endured many difficulties since 1929 but in most cases the business has been profitable to the company involved. If you enter export *now*, plan to do so for the long pull. Engage competent, experienced help that will protect you and develop your export business in the years to come.

Many believe we are to have a sellers market. Experience has shown that the concerns that go aggressively after business, whether in a sellers or buyers market—hold it. A great deal of foreign business is in the offing. Each mail received in the office of the Foreign Credit Interchange Bureau requests information about American products, particularly from Latin American importers who are being forced to change their sources of supply.

Cost of New Capital Comes Pretty High

FCI In a special article in the July issue of "Banking" Riley Elgen, who for some time has been chairman of the Public Utilities Commission of the District of Columbia, points out that records of the past two or three years indicate that the cost of obtaining new capital for the smaller concerns (those up to one million dollars capital) comes very high. On this point Mr. Elgen said:

"In this period of time when, perhaps, money for hire was never so cheap to big business, little business pays through the nose for obtaining the capital essential to its need. From the Securities and Exchange Commission we learn that during 1936 and 1937 little business had to pay \$8.67 for each \$100 of bonds sold; \$16.53 for each \$100 of preferred stock; and \$22.21 for each \$100 of common stock issued in amounts of \$250,000 or less; while big business, in sharp contrast, paid only \$2.58 per \$100 for \$25,000,000 of bonds and \$3.01 for preferred stock money in comparable quantities.

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Analysis of figures by Marketing Research Division, U. S. Dept. of Commerce

Wholesaling up in Aug.

Sales of wholesale distributors during August attained the highest volume for any month since October 1937. Dollar volume was up about 7 percent from last August and 13 percent from July of this year. Most favorable comparisons with last year were recorded by the durable goods trades. Wholesalers of metals reported an increase of 25 percent, optical goods 24 percent, while distributors of electrical goods, furniture and house furnishings, industrial supplies, and lumber and building materials, all registered sales increases of approximately 20 percent over last August.

An analysis of the status of inventories in wholesale distribution channels on the eve of the European war

reveals that stocks were at relatively low levels. The cost value of total stocks in the hands of wholesale distributors at the end of August was less than one percent above the level of the same day last year. Inventory levels for the past twelve months have tended to remain at about the end point of the long decline which started in the fall of 1937 and ended about the middle of 1938.

Mfrs'. sales up over '38

Manufacturers' sales during August exceeded last August by 14 percent, approximately the same margin as for the first seven months of 1939 compared with the same period of 1938. It is evident that a substantial recovery from corresponding periods of 1938 had occurred this year. Only one of

the major industry groups, petroleum refining, failed to exceed the dollar volume of last August.

The larger increases, 22 percent for machinery manufacturers, 34 percent for processors of iron and steel and their products, are characteristic of the industries which sustained the greatest losses in sales volume last year. While the substantial percentage gains in sales do not indicate a return to "prosperity conditions," they do indicate that American business has been approaching normalcy.

Moderate increases in sales were prevalent in the consumer goods industries, processors of food and kindred products reporting a 9 percent increase in August while manufacturers of textiles and their products registered an 11 percent rise.

All survey figures collected and compiled by U. S. Bureau of Census

MANUFACTURERS' sales and collections on accounts receivable, August 1939

Industry	Dollar Sales				Number of firms reporting credit data	Collection Percentages*			Total Accounts Receivable		
	Number of firms reporting sales	Percent change Aug. 1939 from		August 1939 (000's)		Aug. 1939	Aug. 1938	July 1939	Percent change Aug. 1, 1939 from		As of Aug. 1, 1939 (000's)
		Aug. 1938	July 1939						Aug. 1, 1938	July 1, 1939	
Food and kindred products, total.....	428	+ 9.3	+15.5	\$78,772	303	132	123	+ 6.8	- 0.1	\$46,512	
Confectionery.....	216	+10.7	+37.5	15,035	119	151	118	- 9.0	-15.3	4,840	
Flour, cereals, and other grain mill products..	29	- 4.3	+15.2	6,343	26	156	150	-10.1	+ 2.8	3,738	
Meat packing.....	25	+12.8	+13.6	11,300	24	183	194	+ 4.5	+ 7.0	5,957	
Distilled liquors.....	8	+20.3	+32.3	1,833	8	88	83	+ 4.1	- 7.5	3,176	
Malt liquors.....	12	+ 6.2	+ 3.0	10,411	11	171	162	+ 5.3	- 4.3	6,063	
Wine.....	26	- 0.5	+32.9	828	18	52	48	- 7.3	- 3.8	1,478	
Textiles and their products, total.....	123	+11.1	+34.6	29,606	114	69	67	+ 6.6	+ 1.0	32,463	
Clothing, men's, except hats.....	33	+24.2	+70.2	5,458	30	47	54	+20.2	+ 1.3	6,931	
Clothing, women's, except millinery.....	22	+ 6.1	+120.7	1,717	20	81	74	+ 3.1	- 7.4	1,113	
Knit goods.....	11	+ 6.2	+49.6	2,445	11	74	69	+ 8.9	- 9.4	2,382	
Forest products, total.....	66	+20.3	+31.7	4,922	62	67	66	+13.4	+ 0.1	5,804	
Furniture.....	33	+21.1	+35.4	2,923	31	58	59	+16.8	+ 1.4	3,727	
Lumber, timber, and other miscellaneous forest products.....	33	+19.1	+26.6	1,999	31	84	77	+ 7.7	- 2.2	2,077	
Paper and allied products, total.....	116	+14.3	+17.8	15,281	103	85	78	- 1.3	- 4.0	16,305	
Paper, writing, books, etc.....	24	+11.5	+19.4	2,367	18	72	70	- 0.7	+ 4.6	2,574	
Paper, boxes and other paper products.....	54	+16.8	+18.9	8,117	51	109	104	+ 3.8	- 4.8	6,393	
Printing, publishing and allied industries.....	64	+11.1	+13.6	2,577	56	73	68	+ 4.1	- 3.2	3,683	
Chemicals and allied products, total.....	124	+13.4	+ 7.9	16,937	113	71	69	+ 8.8	- 3.4	23,202	
Paints and varnishes.....	59	+15.6	+15.4	4,094	55	56	52	+ 7.8	- 7.4	7,686	
Pharmaceuticals and proprietary medicines.....	25	- 1.3	+11.5	1,946	23	60	61	+ 3.7	- 1.9	3,219	
Petroleum.....	17	- 2.3	+ 2.9	33,754	14	106	105	- 3.2	- 1.2	17,683	
Rubber products.....	14	+ 7.2	+11.0	3,535	13	63	69	+14.3	+ 0.4	5,577	
Leather and its products, total.....	103	+ 3.8	+34.2	31,981	91	51	53	+14.2	+15.3	40,170	
Boots and shoes.....	39	+ 5.9	+36.3	23,308	36	41	42	+16.9	+19.7	32,509	
Leather: tanned, curried, and finished.....	40	- 3.2	+30.5	7,590	34	99	97	- 0.4	- 1.2	6,530	
Iron and steel and their products, total.....	159	+33.6	+18.4	47,658	152	80	77	+36.8	- 1.9	54,265	
Hardware.....	18	+21.4	+14.5	3,682	17	78	74	+14.0	- 3.0	4,272	
Stoves, ranges, steam heating apparatus.....	28	+20.4	+26.0	4,215	28	65	60	+ 9.2	+ 4.8	5,218	
Other iron and steel products.....	113	+36.5	+18.0	39,761	107	82	80	+43.7	- 2.5	44,775	
Non-ferrous metals and their products, total.....	55	+21.1	+42.0	11,528	52	74	72	+22.0	- 9.2	12,845	
Jewelry and jewelers' supplies.....	28	+13.3	+68.5	5,160	27	67	70	+30.4	-17.6	5,841	
Machinery, not including transportation equipment, total.....	208	+22.3	+ 8.0	47,718	186	69	65	+19.2	- 0.2	43,083	
Electrical machinery, apparatus and supplies.....	92	+18.7	+10.9	32,616	80	73	72	+22.1	+ 1.0	24,278	
Other machinery, apparatus and supplies.....	116	+30.9	+ 2.3	15,102	106	63	57	+15.7	- 1.7	18,805	
Miscellaneous industries.....	71	+13.6	+15.5	9,335	62	80	80	+11.4	- 9.0	10,246	
Total.....	1,649	+13.6	+16.8	\$350,534	1,416	82	81	+13.8	- 0.2	\$328,306	

* Collection percentages are obtained by dividing collections by accounts receivable for an identical group of firms.

WHOLESALESAERS' sales and inventories, August 1939

Kind of Business	Dollar Sales				End of Month Inventories (Cost)				Stock-Sales Ratio [†]		
	Number of firms reporting sales	Percent change Aug. 1939 from		August 1939 (000's)	Number of firms reporting stocks	Percent change Aug. 1939 from		Aug. 31, 1939 (000's)	August 1939	August 1938	July 1939
		Aug. 1938	July 1939			Aug. 1938	July 1939				
Automotive supplies.....	195	+ 9.9	+17.3	\$3,458	78	- 4.5	+ 0.5	\$3,297	231	257	247
Chemicals (industrial).....	13	+ 7.2	+ 7.6	668	8	+ 3.2	+ 1.5	544	116	120	122
Paints and varnishes.....	34	+ 4.0	+14.8	575	13	- 2.2	- 4.8	787	214	225	263
Clothing and furnishings, except shoes.....	48	+14.7	+113.6	2,971	26	+ 4.6	+ 7.3	1,253	161	177	328
Shoes and other footwear.....	40	- 2.7	+30.4	14,260	23	- 8.2	-14.6	6,690	105	105	151
Coal.....	11	+17.4	+17.1	2,343	—	—	—	—	—	—	—
Drugs and drug sundries ^{††}	129	+ 2.2	+ 8.7	19,539	100	- 0.8	+ 0.4	32,063	208	216	228
Without liquor department.....	86	+ 1.5	+ 8.7	9,740	60	- 1.4	+ 1.8	12,679	189	196	205
With liquor department.....	43	+ 2.8	+ 8.8	9,799	40	- 0.4	- 0.6	19,384	223	232	245
Dry goods.....	121	+ 9.0	+55.7	14,870	72	+ 1.1	+ 0.8	23,130	207	222	332
Electrical goods.....	350	+20.0	- 1.5	18,077	297	+13.3	- 1.5	20,782	123	130	122
Dairy and poultry products.....	18	- 6.1	+ 6.6	1,493	12	- 9.0	- 1.8	772	73	78	78
Fresh fruits and vegetables.....	76	+ 0.5	- 6.7	2,311	53	+ 5.3	- 4.2	660	37	36	37
Farm supplies.....	8	+13.5	+32.5	253	—	—	—	—	—	—	—
Furniture and house furnishings.....	58	+19.9	+27.7	3,444	29	+18.3	+ 5.5	5,666	238	252	299
Groceries and foods, except farm products.....	701	+ 2.6	+ 8.5	51,285	393	- 0.3	+ 2.1	39,235	135	139	145
Full-line wholesalers [†]	337	+ 4.4	+ 8.6	20,221	172	+ 0.9	+ 1.5	16,893	148	154	160
Voluntary-group wholesalers.....	185	+ 2.1	+ 9.8	20,494	124	- 1.7	+ 2.9	16,663	167	141	146
Retailer-cooperative warehouses.....	21	+ 1.3	+ 6.9	4,002	11	- 0.4	- 1.0	2,672	107	112	121
Specialty lines.....	158	0.0	+ 5.3	6,568	86	+ 0.6	+ 3.5	3,067	101	100	102
Meats and meat products.....	67	+10.2	- 5.9	12,327	44	+ 9.4	- 9.1	1,542	43	44	55
Beer.....	24	+ 3.2	- 5.2	325	20	+ 4.7	+11.7	67	28	27	24
Wines and spirituous liquors.....	24	- 6.6	+ 6.1	2,786	17	- 4.4	- 3.3	4,748	183	178	201
Total hardware group.....	435	+10.9	+10.6	30,998	272	+ 0.1	- 0.1	53,686	251	278	274
General hardware.....	156	+ 7.4	+ 9.8	19,880	97	+ 0.7	+ 0.1	40,809	277	297	299
Heavy hardware.....	21	+ 2.9	- 0.1	1,118	17	- 5.2	+ 0.9	1,659	233	253	236
Industrial supplies ^{††}	131	+20.8	+ 8.9	4,906	80	+ 0.3	- 0.4	6,979	221	266	242
Plumbing and heating supplies.....	127	+18.6	+18.6	5,094	78	- 3.2	- 1.0	4,239	150	183	181
Jewelry.....	41	+ 8.8	+9.5	1,527	23	- 0.3	+ 5.3	2,783	335	372	686
Optical goods.....	9	+23.7	+10.6	94	4	+12.9	+12.9	70	163	194	155
Lumber and building materials.....	38	+20.2	+16.2	2,083	24	- 1.8	- 3.8	2,035	143	179	175
Machinery, eqpt. & supplies, except electrical.....	56	+ 9.2	+ 6.3	1,912	29	-12.3	- 2.3	3,366	255	323	275
Surgical equipment and supplies.....	35	+17.6	+10.0	762	20	+ 5.0	+ 1.5	931	175	198	191
Metals.....	18	+25.1	+12.8	2,096	13	- 0.9	- 0.4	3,726	203	256	232
Paper and its products.....	90	+ 5.1	+20.4	4,385	42	- 4.0	- 1.2	2,605	148	164	187
Petroleum.....	11	+10.0	+14.6	5,026	7	+ 0.1	+ 3.6	1,318	53	52	54
Tobacco and its products.....	160	+ 6.9	+ 7.5	11,713	51	+ 2.9	+ 1.5	2,017	49	51	50
Leather and shoe findings.....	10	- 8.9	+ 2.5	247	—	—	—	—	—	—	—
Miscellaneous.....	41	+ 2.4	+28.3	4,937	35	- 0.3	+10.9	8,166	134	141	150
Total.....	2,856	+ 6.9	+12.6	\$216,765	1,705	+ 0.8	+ 0.2	\$221,939	164	174	184

* This heading also includes distributors of mill, mine and steam supplies.

† These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

† Not affiliated with voluntary or cooperative groups.

— Insufficient data to show separately.

†† Total Sales, including liquors, wines, etc.

WHOLESALESAERS' accounts receivable and collections, August 1939

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		August 1939	August 1938	July 1939	Percent change August 1939 from		As of Aug. 1, 1939 (000's)
					August 1938	July 1939	
Automotive supplies.....	152	63	62	63	+ 0.5	- 1.7	\$3,202
Chemicals (industrial).....	12	60	54	58	+ 4.5	- 0.5	1,005
Paints and varnishes.....	31	41	41	41	+ 1.4	- 5.8	1,211
Clothing and furnishings, except shoes.....	43	33	40	40	+13.4	+16.5	3,419
Shoes and other footwear.....	36	41	42	45	+ 5.1	+15.6	9,918
Coal.....	11	75	65	69	-10.0	+ 3.5	2,903
Drugs and drug sundries.....	118	72	72	68	+ 0.3	- 1.6	23,357
Without liquor department.....	77	71	71	69	+ 2.1	- 1.1	11,089
With liquor department.....	41	73	72	68	- 1.3	- 2.1	12,268
Dry goods.....	110	44	44	44	+ 5.5	+ 2.2	20,836
Electrical goods.....	317	70	69	72	+19.6	- 2.5	23,586
Dairy and poultry products.....	17	163	181	153	+ 6.8	+ 9.4	788
Fresh fruits and vegetables.....	58	150	149	148	+ 4.1	- 4.5	1,134
Furniture and house furnishings.....	45	54	53	54	+16.7	+ 0.5	5,297
Groceries and foods, except farm products.....	557	99	98	95	- 1.8	- 0.5	38,743
Full-line wholesalers.....	263	90	89	87	+ 1.0	+ 1.0	15,693
Voluntary-group wholesalers.....	158	104	100	97	- 5.3	- 2.7	16,944
Retailer-cooperative warehouses.....	17	157	169	162	+ 8.9	+ 8.1	1,595
Specialty lines.....	119	95	96	91	- 0.5	+ 0.1	4,511
Meats and meat products.....	57	172	164	185	+ 4.2	- 0.8	6,861
Beer.....	12	112	125	117	+ 7.8	+ 2.5	83
Wines and spirituous liquors.....	20	103	100	93	-13.2	- 4.0	2,441
Total hardware group.....	399	54	52	55	+ 8.0	+ 0.5	47,452
General hardware.....	143	51	49	52	+ 5.3	- 0.1	33,269
Heavy hardware.....	20	67	72	69	+12.7	+ 2.3	1,156
Industrial supplies ^{††}	113	63	58	61	+15.3	+ 3.2	5,695
Plumbing and heating supplies.....	123	56	57	57	+15.2	+ 0.9	7,332
Jewelry.....	33	22	22	27	+ 9.5	-14.2	3,185
Optical goods.....	8	56	51	56	+14.4	+ 4.7	111
Lumber and building materials.....	37	63	61	60	+16.7	- 1.3	2,845
Machinery, equipment and supplies, except electrical.....	45	50	46	53	+ 5.0	+ 0.8	2,981
Surgical equipment and supplies.....	34	46	44	45	+ 6.4	+ 1.0	1,374
Metals.....	17	82	72	78	+13.1	- 0.6	2,376
Paper and its products.....	77	55	54	57	+ 2.0	- 0.6	5,744
Petroleum.....	9	95	94	97	- 6.9	+ 7.7	2,839
Tobacco and its products.....	101	123	121	123	+ 2.1	+ 3.6	6,239
Leather and shoe findings.....	8	39	39	37	+ 1.7	- 2.6	413
Miscellaneous.....	42	101	93	82	- 6.1	- 4.4	4,345
Total.....	2,406	72	71	72	+ 4.8	+ 0.4	\$224,688

* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

†† This heading also includes distributors of mill, mine and steam supplies.

WHOLESALESALES and inventories, by geographic divisions, August, 1939

Geographic Division Kind of Business	Number of firms reporting sales	Dollar Sales			August 1939 (000's)	End of Month Inventories (Cost)			Stock-Sales Ratio		
		Percent change August 1939 from		August 1938		Percent change August 1939 from		Aug. 31, 1939 (000's)	August 1939	August 1938	July 1939
		August 1938	July 1939			August 1938	July 1939				
New England.....	167	+11.3	+16.9	\$11,778	103	-2.4	+1.9	\$8,811	138	157	148
Electrical goods.....	33	+18.5	+2.7	1,905	28	+11.5	+3.0	1,568	125	129	131
Groceries and foods, except farm products.....	31	+12.6	+15.2	2,384	17	-15.3	+3.9	827	117	145	123
Industrial supplies.....	15	+17.4	+14.6	384	10	-5.6	+3.1	786	265	333	317
Plumbing and heating supplies.....	10	+23.8	+17.2	286	5	-2.3	+0.3	385	218	274	248
Paper and its products.....	6	+9.8	+21.1	201	4	+1.2	-0.6	174	123	134	150
Tobacco and its products.....	14	+17.0	+20.9	2,105	—	—	—	—	—	—	—
Middle Atlantic.....	625	+5.2	+13.2	48,870	343	+1.2	+1.9	39,269	147	152	163
Automotive supplies.....	30	+0.2	+1.1	641	14	-4.3	+1.0	568	214	316	256
Clothing and furnishings, except shoes.....	20	+13.3	+118.0	2,058	9	-5.2	+16.6	568	150	224	318
Shoes and other footwear.....	10	+6.2	+98.7	1,049	4	-0.6	+19.4	1,240	149	157	3/3
Drugs (without liquor department).....	14	+1.7	+0.5	2,472	11	+1.7	+1.2	2,163	153	150	154
Dry goods.....	47	+10.7	+30.1	3,319	24	+3.0	+3.0	4,206	298	282	338
Electrical goods.....	72	+12.3	+0.6	3,439	60	+17.2	-0.2	3,883	121	115	122
Fresh fruits and vegetables.....	13	+2.4	+9.2	3,485	9	-7.0	0.0	40	13	15	13
Furniture and house furnishings.....	12	+22.8	+66.5	468	9	+37.0	+7.3	848	212	193	328
Groceries and foods, except farm products.....	110	+1.5	+5.2	11,367	44	+5.3	+8.8	6,163	113	109	112
Meats and meat products.....	18	+6.0	+0.8	4,029	13	-0.8	-8.2	247	31	35	38
General hardware.....	32	+7.9	+9.9	1,683	14	+2.0	+1.7	2,626	331	362	350
Industrial supplies.....	38	+24.6	+13.4	1,372	24	-1.7	+2.2	1,868	184	240	203
Plumbing and heating supplies.....	50	+16.5	+26.2	1,529	33	-7.4	-1.6	1,447	125	150	160
Jewelry.....	9	+13.4	+80.4	424	10	-6.2	+3.7	1,413	412	474	736
Lumber and building materials.....	14	+14.9	+15.8	432	—	—	—	—	—	—	—
Paper and its products.....	29	+5.0	+16.5	1,348	12	-2.6	-0.5	559	101	108	120
Tobacco and its products.....	37	+7.2	+4.1	2,235	13	-8.9	-2.0	544	49	58	52
East North Central.....	536	+9.4	+10.2	36,028	329	+1.9	+0.4	39,979	160	173	175
Automotive supplies.....	47	+11.7	+13.6	619	23	-3.0	+0.3	907	228	272	264
Paints and varnishes.....	12	+5.4	+11.3	216	4	-8.9	-11.8	225	148	169	192
Clothing and furnishings, except shoes.....	11	+30.3	+68.0	494	7	+22.7	-4.3	330	145	148	325
Drugs (without liquor department).....	16	+4.6	+10.4	1,897	9	-2.3	+2.5	1,830	164	181	176
Electrical goods.....	59	+26.8	-0.5	3,609	50	+20.1	-4.0	4,300	127	134	132
Fresh fruits and vegetables.....	17	-1.8	-19.5	488	13	-2.3	-3.4	171	48	48	44
Groceries and foods, except farm products.....	109	+3.0	+7.5	9,347	57	-6.5	-0.2	6,744	121	133	132
Meats and meat products.....	18	+7.4	+12.8	1,427	17	+30.2	+5.6	582	44	37	47
Beer.....	10	+6.7	-1.4	143	10	+18.2	+2.6	39	27	25	26
General hardware.....	22	+8.3	+4.2	4,815	19	+3.2	+0.6	12,315	266	279	277
Industrial supplies.....	25	+30.1	+14.0	886	15	-3.6	-0.5	1,279	217	298	254
Plumbing and heating supplies.....	18	+27.3	+22.5	854	10	+0.5	-1.8	842	237	284	278
Jewelry.....	15	+4.4	+91.3	767	8	+8.9	+6.4	970	266	274	585
Machinery, eqpt. & supplies, except electrical	21	+12.2	+11.0	312	7	-5.0	-2.4	326	157	181	169
Paper and its products.....	21	+5.4	+18.3	1,534	11	-4.6	-2.2	703	162	182	188
Tobacco and its products.....	49	+7.0	+4.9	3,732	20	+12.0	+5.4	905	47	46	47
West North Central.....	328	+4.9	+7.1	35,070	222	-0.1	+1.9	44,271	170	175	196
Automotive supplies.....	18	+0.7	+12.5	404	5	-6.7	+6.9	293	233	268	240
Drugs (without liquor department).....	11	+3.5	+9.7	1,116	10	-0.3	+3.0	1,727	215	223	237
Drugs (with liquor department).....	7	+1.7	+11.7	1,361	7	-4.1	+2.6	2,791	205	218	223
Dry goods.....	10	+5.5	+55.2	4,946	9	+1.9	-1.1	9,157	189	195	296
Electrical goods.....	39	+13.7	-3.8	1,901	37	+9.8	-1.9	2,116	116	126	112
Fresh fruits and vegetables.....	12	-6.4	-8.2	380	10	+5.2	+3.4	121	40	35	35
Furniture and house furnishings.....	10	+30.9	+26.6	1,134	8	+24.9	+7.3	3,114	282	294	330
Groceries and foods, except farm products.....	95	+4.6	+14.2	7,080	66	-0.2	-0.4	8,965	158	164	181
General hardware.....	13	+10.3	+6.9	3,790	12	-2.9	-3.1	9,133	249	282	275
Industrial supplies.....	14	+11.5	+4.4	524	8	+5.8	-0.8	659	213	197	194
Plumbing and heating supplies.....	10	+18.8	+17.6	607	4	-15.4	-3.7	313	130	177	166
Tobacco and its products.....	13	-2.1	+0.7	709	6	+0.7	-8.0	150	38	36	42
South Atlantic.....	336	+7.8	+17.8	19,245	183	+7.0	+1.7	19,168	184	187	178
Automotive supplies.....	13	-0.8	+9.2	262	—	—	—	—	—	—	—
Drugs (without liquor department).....	13	+3.2	+11.9	1,053	6	+0.3	+0.7	923	187	194	212
Dry goods.....	14	+15.2	+70.8	1,146	8	-4.2	+4.8	1,258	223	274	368
Electrical goods.....	48	+27.2	-2.2	2,316	41	+28.8	+0.6	2,778	125	124	122
Fresh fruits and vegetables.....	12	-2.2	+0.6	356	5	-8.3	+7.3	44	33	37	28
Meats and meat products.....	6	+1.8	+17.7	226	—	—	—	—	—	—	—
Groceries and foods, except farm products.....	100	+3.8	+10.8	4,500	42	+6.4	+5.2	2,999	142	139	151
General hardware.....	29	+8.7	+25.8	1,871	16	+4.1	+3.6	3,172	324	341	388
Industrial supplies.....	15	+6.9	+16.7	445	9	+2.4	+1.4	733	200	209	228
Plumbing and heating supplies.....	20	+14.0	+13.3	824	18	+4.5	-2.4	813	140	159	159
Paper and its products.....	10	-2.2	-10.3	395	5	-7.3	0.0	366	188	206	226
Tobacco and its products.....	13	+9.4	+10.5	759	—	—	—	—	—	—	—
East South Central.....	154	+6.0	+15.1	9,074	88	+1.2	+2.3	10,770	182	194	207
Drugs (without liquor department).....	11	+5.5	+15.5	1,044	7	-1.5	+0.4	1,592	190	205	223
Dry goods.....	12	+13.8	+96.7	1,066	8	+1.1	+9.6	1,659	188	216	359
Electrical goods.....	16	+25.5	+15.7	635	12	+13.4	-2.8	721	131	143	110
Groceries and foods, except farm products.....	46	+4.4	+9.9	2,053	21	+4.1	-0.2	1,424	133	132	146
General hardware.....	16	+3.9	+8.1	2,072	9	-2.5	+3.1	2,868	265	286	273
Industrial supplies.....	7	+18.4	+3.8	193	—	—	—	—	—	—	—
West South Central.....	258	+7.0	+13.2	17,297	176	+0.5	+0.7	22,646	186	198	214
Automotive supplies.....	9	-0.9	+7.8	110	8	-7.5	+1.7	184	174	186	185
Drugs (with liquor department).....	11	-1.3	+9.0	1,483	10	-1.2	+1.5	4,058	281	281	301
Dry goods.....	11	+6.0	+96.0	2,164	10	+2.6	-1.9	3,850	194	202	396
Electrical goods.....	34	+26.4	+10.0	1,603	26	+14.8	-4.4	1,462	101	113	96
Groceries and foods, except farm products.....	125	+3.7	+8.6	7,123	87	+2.6	+3.7	6,364	140	141	148
General hardware.....	16	+13.9	+13.2	1,396	10	+1.8	+4.5	2,392	278	314	291
Machinery, eqpt. & supplies, except electrical	7	+10.8	+11.1	452	4	-18.8	-2.8	1,700	427	566	487
Tobacco and its products.....	8	-3.6	+1.8	344	—	—	—	—	—	—	—
Mountain.....	126	+4.8	+8.0	7,805	89	-1.3	+0.3	9,006	160	172	170
Automotive supplies.....	13	-2.7	-2.2	219	6	+1.1	0.0	270	235	238	216
Drugs (without liquor department).....	6	-2.2	+14.0	358	5	+2.9	+3.9	673	202	192	223
Dry goods.....	4	+12.5	+47.4	432	—	—	—	—	—	—	—
Electrical goods.....	15	+17.4	-5.9	655	12	+6.8	+4.3	711	117	130	105
Fresh fruits and vegetables.....	5	+4.9	+18.5	64	—	—	—	—	—	—	—
Groceries and foods, except farm products.....	40	+2.1	+7.1	2,575	34	-2.9	+3.4	3,046	147	155	152
Meats and meat products.....	4	+1.5	+7.3	132	—	—	—	—	—	—	—
General hardware.....	8	-1.8	+7.9	897	6	-6.4	+0.7	1,323	254	263	254
Tobacco and its products.....	5	+4.7	+2.9	355	—	—	—	—	—	—	—
Pacific.....	325	+8.5	+14.0	25,362	172	-1.8	-1.7	28,019	185	205	212
Automotive supplies.....	57	+29.1	+45.3	1,135	16	-7.3	-0.5	647	214	230	259
Dry goods.....	13	+12.8	+48.4	1,181	6	-11.3	-7.1	769	198	232	304
Electrical goods.....	34	+15.3	+6.6	2,614	31	-4.0	-0.3	3,243	133	161	140
Furniture and house furnishings.....	9	+10.7	+12.0	654	—	—	—	—	—	—	—
Groceries and foods, except farm products.....	45	+1.7	+5.5	4,856	25	-3.8	-5.6	2,703	143	148	156
General hardware.....	16	+4.6	+15.3	3,223	9	+1.9	-1.4	6,487	310	317	359
Industrial supplies.....	10	+6.7	+2.7	190	6	+5.5	-0.3	308	280	304	309
Plumbing and heating supplies.....	13	+14.5	+5.8	710	5	+4.4	+8.0	189	139	152	151
Lumber and building materials.....	11	+16.2	+15.8	352	8	-2.8	-0.8	379	166	220	174
Machinery, eqpt. & supplies, except electrical	9	+1.3	-6.3	312	5	+2.2	+2.8	366	359	381	330
Paper and its products.....	16	+13.4	+69.3	364	5	-2.3	-1.5	519	170	201	329
Tobacco and its products.....	18	+1.6	+7.3	1,377	4	+2.9	+3.3	216	74	83	74

* This heading also includes distributors of mill, mine and steam supplies.

— Insufficient data to show separately.

† These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

WHOLESALEERS' accounts receivable and collections, by geographic regions, August 1939

Kind of Business and Region	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		August 1939	August 1938	July 1939	Percent change August 1939 from		As of Aug. 1, 1939 (000's)
					August 1938	July 1939	
New England.....	146	73	67	70	- 2.5	- 2.4	\$12,947
Electrical goods.....	30	75	73	73	+22.2	- 4.4	1,717
Groceries and foods, except farm products.....	25	91	75	83	-17.1	- 5.0	2,125
Industrial supplies**.....	13	60	54	58	+17.0	- 0.6	524
Plumbing and heating supplies.....	9	47	41	45	+ 1.0	- 2.4	410
Paper and its products.....	5	65	65	64	+ 0.7	- 0.4	277
Tobacco and its products.....	10	123	128	144	+ 8.0	+19.6	1,174
Middle Atlantic.....	528	78	78	76	+ 3.7	- 1.7	48,677
Automotive supplies.....	26	48	49	50	+ 7.0	- 2.2	790
Clothing and furnishings, except shoes.....	18	39	46	46	+ 5.7	+13.7	2,072
Shoes and other footwear.....	10	33	35	38	+11.7	+ 2.7	1,691
Drugs (without liquor department).....	13	64	63	63	+ 0.4	+ 0.4	2,940
Dry goods.....	42	48	47	50	+14.3	+ 0.3	4,843
Electrical goods.....	69	75	73	79	+12.3	- 6.9	4,305
Fresh fruits and vegetables.....	9	201	192	184	+ 7.6	- 7.2	142
Furniture and house furnishings.....	9	46	52	54	+26.0	+ 8.8	751
Groceries and foods, except farm products.....	86	100	100	95	+ 0.7	- 4.0	9,131
Meats and meat products.....	15	104	152	159	- 1.1	- 7.0	2,352
General hardware.....	27	44	44	45	+ 5.5	- 5.7	2,995
Heavy hardware.....	7	59	64	65	+20.8	- 4.3	540
Industrial supplies**.....	32	69	60	64	+12.1	+ 1.9	1,645
Plumbing and heating supplies.....	48	52	51	52	+14.2	+ 2.0	2,342
Jewelry.....	10	19	19	19	+ 3.7	- 7.6	583
Lumber and building materials.....	9	56	49	50	+ 4.1	- 2.6	666
Tobacco and its products.....	22	127	123	126	+ 1.2	+ 0.1	1,399
East North Central.....	440	72	70	71	+ 7.3	- 2.1	39,239
Automotive supplies.....	41	72	64	70	+ 3.2	- 1.9	608
Paints and varnishes.....	11	33	34	34	+ 5.8	- 7.4	548
Drugs (without liquor department).....	14	79	78	78	+ 4.0	- 0.5	1,749
Dry goods.....	7	47	42	45	- 3.6	- 7.9	910
Electrical goods.....	52	68	64	67	+25.8	- 6.0	4,927
Fresh fruits and vegetables.....	11	134	127	121	+ 0.8	- 8.7	241
Meats and meat products.....	15	134	119	135	- 5.8	+ 2.4	782
Groceries and foods, except farm products.....	83	103	101	101	- 1.5	+ 0.8	7,015
General hardware.....	21	55	52	58	+ 6.3	- 2.7	7,980
Industrial supplies**.....	22	68	64	64	+27.8	+ 2.3	1,048
Plumbing and heating supplies.....	17	68	60	59	+22.8	+ 3.6	1,159
Jewelry.....	13	25	24	32	+11.6	-17.8	1,677
Lumber and building materials.....	8	69	61	66	+16.2	- 5.3	645
Machinery, equipment and supplies, except electrical.....	9	65	61	92	+29.6	+ 8.8	385
Surgical equipment and supplies.....	7	87	83	83	+ 8.0	- 1.0	380
Metals.....	7	87	80	80	- 3.9	- 4.8	561
Tobacco and its products.....	29	127	122	124	+ 2.2	+ 1.5	1,785
West North Central.....	282	72	72	77	+ 4.0	+ 4.2	40,395
Automotive supplies.....	14	65	56	56	- 0.6	- 0.8	482
Clothing and furnishings, except shoes.....	6	25	26	28	+ 9.7	- 6.7	249
Drugs (without liquor department).....	11	80	81	77	+ 1.2	- 2.6	1,351
Drugs (with liquor department).....	7	68	68	63	+ 2.7	- 3.5	1,965
Dry goods.....	10	42	45	44	+ 6.9	+ 3.9	6,939
Electrical goods.....	36	65	63	74	- 3.8	- 1.2	2,625
Fresh fruits and vegetables.....	9	201	204	196	+ 2.5	- 9.4	164
Furniture and house furnishings.....	10	57	55	61	+20.8	- 2.7	1,869
Groceries and foods, except farm products.....	79	118	119	109	+ 0.7	- 2.6	5,084
General hardware.....	13	51	48	55	+ 0.3	+ 5.1	6,780
Industrial supplies**.....	12	52	51	57	+ 8.6	+ 2.7	682
Plumbing and heating supplies.....	10	59	58	58	+21.4	+ 3.8	769
Tobacco and its products.....	6	221	218	180	- 3.1	- 0.0	155
South Atlantic.....	268	66	67	64	+12.3	+ 0.3	19,580
Automotive supplies.....	12	56	54	60	- 3.0	+ 0.3	324
Drugs (without liquor department).....	11	77	80	74	+11.2	- 1.0	989
Dry goods.....	10	42	42	36	+ 5.0	- 0.6	1,867
Electrical goods.....	43	67	73	66	+50.0	-14.2	3,608
Fresh fruits and vegetables.....	10	118	123	112	+ 7.4	-12.2	218
Groceries and foods, except farm products.....	69	96	93	94	- 1.5	+ 4.8	3,084
General hardware.....	27	48	43	42	+ 7.3	+ 1.3	3,313
Industrial supplies**.....	12	53	51	53	+21.7	+ 6.1	683
Plumbing and heating supplies.....	20	54	56	55	+20.5	+ 1.5	1,322
Tobacco and its products.....	7	98	99	98	+10.6	+ 0.7	293
East South Central.....	129	57	57	57	+ 8.4	+ 1.2	11,817
Drugs (without liquor department).....	9	66	68	64	+ 6.0	- 1.4	1,249
Dry goods.....	12	36	37	35	+ 5.1	+ 2.0	1,691
Electrical goods.....	14	66	71	64	+65.6	+ 1.2	1,184
Groceries and foods, except farm products.....	34	79	80	80	+ 1.6	+ 2.1	1,729
General hardware.....	14	47	48	50	+12.5	+ 0.2	3,166
West South Central.....	230	67	66	66	+ 0.7	+ 3.2	18,096
Automotive supplies.....	7	68	68	70	+11.4	+ 1.7	117
Drugs (with liquor department).....	10	69	68	69	- 6.4	- 0.7	1,828
Dry goods.....	11	39	35	36	- 5.1	+ 3.4	3,181
Electrical goods.....	29	79	70	84	+ 6.7	+ 3.7	1,379
Groceries and foods, except farm products.....	112	88	86	84	- 1.1	+ 2.9	5,734
General hardware.....	16	54	50	54	+ 8.2	+ 2.0	2,255
Machinery, equipment and supplies, except electrical.....	6	23	23	27	+12.1	+ 4.2	1,093
Tobacco and its products.....	6	93	94	89	+ 3.1	- 6.7	167
Mountain.....	104	78	77	75	+ 3.1	- 0.9	7,197
Drugs (without liquor department).....	6	68	69	67	+ 0.4	- 4.0	479
Electrical goods.....	13	74	76	76	+34.9	+ 7.9	804
Groceries and foods, except farm products.....	32	102	96	93	- 7.2	- 1.9	1,870
General hardware.....	6	49	46	48	+ 9.3	+ 6.1	1,026
Pacific.....	279	74	75	72	+ 4.5	+ 2.1	26,740
Automotive supplies.....	38	69	78	70	- 7.6	- 4.3	584
Shoes and other footwear.....	6	38	37	40	+19.9	+15.2	433
Dry goods.....	11	57	60	58	+ 9.3	+13.6	1,357
Electrical goods.....	31	69	69	72	+ 7.6	+ 3.0	3,067
Dairy and poultry products.....	9	158	168	156	+ 6.1	+22.4	486
Fresh fruits and vegetables.....	8	108	112	130	+ 2.7	+17.3	231
Furniture and house furnishings.....	9	61	58	54	+15.1	- 0.1	1,089
Groceries and foods, except farm products.....	37	98	102	95	- 0.1	+ 2.7	2,971
Meats and meat products.....	6	183	192	167	+24.2	+ 2.0	554
Wines and spirituous liquors.....	6	95	97	93	+19.5	+ 3.3	803
General hardware.....	15	50	50	51	+ 3.3	- 0.9	5,482
Industrial supplies**.....	9	55	56	55	+ 3.1	+ 5.2	302
Plumbing and heating supplies.....	13	68	74	71	+11.6	- 3.9	956
Lumber and building materials.....	11	52	54	55	+22.3	+ 7.6	553
Machinery, equipment and supplies, except electrical.....	10	47	48	49	+ 9.4	+ 3.6	371
Tobacco and its products.....	15	110	108	104	- 4.0	+ 1.0	1,040

* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

** This heading also includes distributors of mill, mine and steam supplies.

STATES COMPRISING REGIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich., Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.); East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah Wyo.); Pacific—(Cal., Ore., Wash.).